



Republic of the Philippines
PHILIPPINE HEALTH INSURANCE CORPORATION
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PhilHealthOfficial teamphilhealth

FINANCIAL STATEMENTS

As of March 31, 2025

PHILIPPINE HEALTH INSURANCE CORPORATION
COMPTROLLERSHIP DEPARTMENT
OFFICE OF THE SENIOR MANAGER

MAY 20 2025

Received by _____
Time _____
Reference Number _____





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

As at March 31, 2025 and December 31, 2024

(In Philippine Peso)

	Notes	2025	2024
ASSETS			
Current Assets			
Cash & cash equivalents	5	44,148,027,014.84	54,272,107,334.30
Investment in time deposits	6	75,137,667,486.65	51,941,636,978.59
Receivables, net	7	109,897,297,252.24	110,350,577,120.50
Inventories	8	201,590,986.53	172,358,282.26
Other current assets	9	130,127,822.35	386,853,644.62
Total Current Assets		229,514,710,562.61	217,123,533,360.27
Non-Current Assets			
Investment securities at amortized cost	10	371,815,968,093.79	391,653,929,473.54
Investment property	11	855,663,290.84	855,663,290.84
Property and equipment, net	12	1,230,599,769.88	1,146,632,147.32
Right-of-Use Assets	13	1,253,841,561.19	1,315,324,748.29
Intangible assets, net	14	285,164,065.39	305,500,379.95
Other non-current assets, net	15	234,081,966.92	239,392,594.23
Total Non-Current Assets		375,675,318,748.01	395,516,442,634.17
TOTAL ASSETS		605,190,029,310.62	612,639,975,994.44
LIABILITIES AND EQUITY			
Current Liabilities			
Financial liabilities	16	37,911,580,182.92	36,846,157,844.97
Inter-agency payables	17	30,787,650,341.74	30,685,475,008.61
Trust liabilities	18	1,091,479,086.06	1,088,751,895.31
Provision for Health Benefits	19	83,138,919,938.58	74,467,831,648.43
Other payables	20	906,253,223.68	1,424,355,775.61
Total Current Liabilities		153,835,882,772.98	144,512,572,172.93
Non-Current Liabilities			
Deferred credits/Unearned income	21	713,280,688.89	769,089,892.23
Lease Payable	22	1,304,349,569.33	1,347,913,581.49
Leave benefits payable	23	838,941,499.35	843,818,884.10
Provision for insurance contract liabilities (ICL)	24	1,406,915,873,309.00	1,406,915,873,309.00
Total Non-Current Liabilities		1,409,772,445,066.57	1,409,876,695,666.82
TOTAL LIABILITIES		1,563,608,327,839.55	1,554,389,267,839.75
EQUITY			
Members' Equity	25	(958,418,298,528.93)	(941,749,291,845.31)
Total Equity		(958,418,298,528.93)	(941,749,291,845.31)
TOTAL LIABILITIES AND EQUITY		605,190,029,310.62	612,639,975,994.44

Prepared by:

Judy D. Balolong
JUDY D. BALOLONG, CPA
Division Chief, AICD, Comptrollership Department

Reviewed by:

Cherie Carmen B. Divina
CHERIE CARMEN B. DIVINA, CPA, MBA, CSEE
Senior Manager, Comptrollership Department

Recommending Approval:

Renato L. Limsiacs, Jr.
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RENATO L. LIMSIACS, JR., CPA, DM, CESE
SVF, Fund Management Sector

Atty. Eli Dino D. Santos
ATTY. ELI DINO D. SANTOS
EVP and Chief Operating Officer

Approved by:

Edwin M. Mercado
EDWIN M. MERCADO, MD, MHA, MMSc.
Acting President and Chief Executive Officer



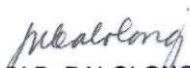
PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

For the Period Ended March 31, 2025 and 2024

(In Philippine Peso)

	Notes	2025	2024
Premium Contributions	26	51,152,613,931.83	53,345,680,693.68
Less: Benefit claims expenses	28	73,464,913,996.33	36,726,910,528.62
GROSS MARGIN FROM OPERATIONS		(22,312,300,064.50)	16,618,770,165.06
OPERATING EXPENSES			
Personnel services	29	1,162,927,001.20	1,030,966,495.95
Other operating expenses	30	815,600,143.58	590,303,188.34
<i>Maintenance and other operating expenses</i>		634,231,832.93	481,761,896.60
<i>Non-cash expenses</i>		181,368,310.65	108,541,291.74
TOTAL OPERATING EXPENSES		1,978,527,144.78	1,621,269,684.29
NET OPERATING INCOME (LOSS)		(24,290,827,209.28)	14,997,500,480.77
Add: Interest and other income	27	6,388,459,682.65	6,397,485,516.97
NET INCOME (LOSS)		(17,902,367,526.63)	21,394,985,997.74

Prepared by:


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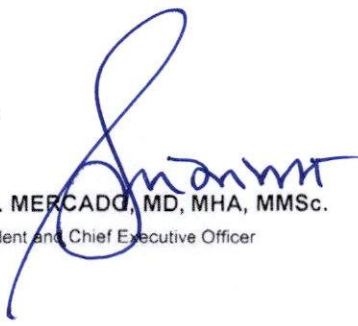
Recommending Approval:


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 SVF, Fund Management Sector

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ATTY. ELI DINO D. SANTOS
 EVP and Chief Operating Officer

Approved by:


EDWIN M. MERCADO, MD, MHA, MMSc.
 Acting President and Chief Executive Officer



PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

For the Period Ended March 31, 2025 and 2024

(In Philippine Peso)

	Notes	2025	2024
INCOME			
Premium contributions	26	51,152,613,931.83	53,345,680,693.68
Interest and other income	27	6,388,459,682.65	6,397,485,516.97
		57,541,073,614.48	59,743,166,210.65
EXPENSES			
Benefit claims expenses	28	73,464,913,996.33	36,726,910,528.62
Personnel services	29	1,162,927,001.20	1,030,966,495.95
Other operating expenses	30	815,600,143.58	590,303,188.34
<i>Maintenance and other operating expenses</i>		634,231,832.93	481,761,896.60
<i>Non-cash expenses</i>		181,368,310.65	108,541,291.74
		75,443,441,141.11	38,348,180,212.91
NET INCOME (LOSS)		(17,902,367,526.63)	21,394,985,997.74

Prepared by:


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ATTY. ELI DINO D. SANTOS
EVP and Chief Operating Officer

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EDWIN M. MERCADO, MD, MHA, MMSc
Acting President and Chief Executive Officer



**PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF CHANGES IN EQUITY**


For the Period Ended March 31, 2025 and 2024
(In Philippine Peso)

	Notes	2025	2024
RETAINED EARNINGS	25.3		
Retained Earnings at January 1		149,581,636,899.81	-
Net income (Loss)		(17,902,367,526.63)	21,394,985,997.74
Prior year adjustment		1,233,360,843.01	1,473,770,905.47
Total Retained Earnings		132,912,630,216.19	22,868,756,903.21
Retained Earnings transferred to reserves		-	(22,868,756,903.21)
Retained Earnings at March 31		132,912,630,216.19	-
RESERVE FUND	25.1		
Accumulated Revenue at January 1		280,574,913,605.20	464,286,992,149.44
Retained Earnings transferred to reserves		-	22,868,756,903.21
Reserve Fund at March 31		280,574,913,605.20	487,155,749,052.65
INTEREST INCOME FROM RESERVE FUND (Excess actual reserves)	25.2	13,347,414,223.00	-
PROVISION FOR INSURANCE CONTRACT LIABILITIES (ICL)	24/25.4	(1,385,253,256,573.32)	(1,127,993,822,270.32)
TOTAL MEMBERS' EQUITY		(958,418,298,528.93)	(640,838,073,217.67)

Prepared by:



JOVY D. BALOLONG, CPA
Division Chief, AICD, Comptrollership Department

Reviewed by:


CHERIE CARMEN B. DIVINA, CPA MBA, CSEE
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RENATO L. LIMSIACO, JR., CPA, DM, CESE
SVP, Fund Management Sector

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5/23/25 11:00am


ATTY. ELI DINO D. SANTOS
EVP and Chief Operating Officer

Approved by:


EDWIN M. MERCADO, MD, MHA, MMSc
Acting President and Chief Executive Officer



PHILIPPINE HEALTH INSURANCE CORPORATION
STATEMENTS OF CASH FLOWS

For the Period Ended March 31, 2025 and 2024

(In Philippine Peso)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Inflows		
Cash received from premium contributions	51,633,949,685.43	44,980,655,094.87
Collection of other income	68,428,282.07	180,290,756.96
Gain on Foreign Exchange	2,831.49	7,011.88
Trust Receipts	9,467,585.28	2,710,100.88
Total Cash Inflows	51,711,848,384.27	45,163,662,964.59
Cash Outflows		
Payment of benefit claims expenses	(62,391,462,742.51)	(37,325,488,417.15)
Payment of operating expenses	(2,395,841,140.82)	(1,917,990,430.82)
Payment of financial charges	(7,432,459.87)	(4,333,549.03)
Loss on Foreign Exchange	(7,973.74)	(1,203.89)
Trust Disbursements	(1,875,504.62)	(6,058,888.94)
Total Cash Outflows	(64,796,619,821.56)	(39,253,872,489.83)
Net Cash Provided by/(Used in) Operating Activities	(13,084,771,437.29)	5,909,790,474.76
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows		
Matured time deposits	24,689,275,835.96	40,870,173,823.19
Matured treasury bills	18,854,718,446.42	-
Matured bonds	821,000,000.00	25,210,000,000.00
<i>Government Bonds</i>	-	25,210,000,000.00
<i>Corporate Bonds</i>	821,000,000.00	-
Interest received from investments	6,854,200,642.39	5,972,427,043.19
Proceeds from disposal of assets	290,626.75	276,788.00
Total Cash Inflows	51,219,485,551.52	72,052,877,654.38
Cash Outflows		
Placement on time deposits	(47,885,321,302.71)	(2,932,826,393.25)
Placement on treasury bills	-	(18,854,718,446.42)
Placement on bonds	-	(41,875,403,650.89)
<i>Government Bonds</i>	-	(36,875,403,650.89)
<i>Corporate Bonds</i>	-	(5,000,000,000.00)
Accrued interest paid on placement of bonds	-	(133,782,996.23)
Purchase/Construction of Property, Plant and Equipment	(289,372,335.07)	(81,047,005.52)
Total Cash Outflows	(48,174,693,637.78)	(63,877,778,492.31)
Net Cash Provided by/(Used in) Investing Activities	3,044,791,913.74	8,175,099,162.07
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Outflows		
Lease	(84,100,795.91)	(55,496,217.65)
<i>Principal</i>	(73,434,818.70)	(52,980,356.66)
<i>Interest</i>	(10,665,977.21)	(2,515,860.99)
Total Cash Outflows	(84,100,795.91)	(55,496,217.65)
Net Cash Provided by/(Used in) Financing Activities	(84,100,795.91)	(55,496,217.65)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(10,124,080,319.46)	14,029,393,419.18
CASH AND CASH EQUIVALENTS, JANUARY 1	5 54,272,107,334.30	30,779,119,082.26
CASH AND CASH EQUIVALENTS, MARCH 31	5 44,148,027,014.84	44,808,512,501.44

Prepared by:

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EVP and Chief Operating Officer

Approved by:

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EDWIN M. MERCADO, MF MHA, MMSc
Acting President and Chief Executive Officer



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

1. GENERAL INFORMATION

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Preparation and Statement of Compliance

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

2.2. Measurement Bases

The financial statements are measured in Philippine Peso (P), which is also the Corporation's functional and presentation currency. All values are rounded-off to the nearest peso values, unless otherwise stated.

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.3. Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Corporation adopted effective for annual periods beginning January 1, 2025.

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 16, *Lease Liability in a Sale and Leaseback* - The amendment specifies requirements for seller-lessees to measure the lease liability in a sale and leaseback transaction. The amendment does not change the accounting leases unrelated to sale and leaseback transactions.
- Amendments to Pas 1, *Non-current Liabilities with Covenants* - The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. In addition, the amendments require additional disclosures for non-current liabilities

arising from loan arrangements that are subject to covenants to be complied with within 12 months after the reporting period.

2.4. New and Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRS, which are not yet effective as at January 31, 2025 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2027 –

- **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.

On February 14, 2025, the Financial and Sustainability Reporting Standards Council (FSRSC) has approved the amendment to PFRS 17, *Date of Initial application*. The amendment further defer the date of initial application of PFRS 17 by an additional two years, to annual periods beginning on or after January 1, 2027.

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 March 31, 2025 and December 31, 2024, 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 net realizable value.

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 or contract duration whichever is shorter
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 with finite life 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.

Intangibles that are classified with indefinite life are not amortized but are subject to impairment test annually. Part of the intangibles with indefinite life are internally developed software that are being used in the operations.

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 the carrying amount. If the 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 portion of the accumulated revenues not needed to meet the cost of the current year's expenditures, subject to the approved reserve ceiling.

It is recorded in compliance with Office Order No. 0145, s. of 2012 and based on the provisions of Section 11 of R.A 11223 or the Universal Health Care Act, which states that PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: *Provided*, That the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) 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 and to decrease the amount of member's contributions.

Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund.

The computation of the Reserve is not equal to the Insurance Contract Liabilities (ICL). The reserve is a two year projected expenditures while ICL is the estimate of the expected future claims payments to be incurred less expected premium contributions in relation to the liabilities that the Corporation is contractually obligated to pay to our members. It is computed as the expected net of present value of expenses (claims + expenses) and present value of collection plus margin for adverse deviation.

2.16. Retained Earnings

This account represents the cumulative results of normal and continuous operations of a Commercial Public Sector Entity including prior period, effects of changes in accounting policy and error other capital adjustments. This may include funds set aside for various purposes in accordance with existing laws, rules and regulations.

2.17. 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 members' contributions become due. Interest, fines and penalties are recognized when the event that triggers the interest, fine or penalty occurs. If the collectability is not reasonably assured, interest, 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.

2.18. 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.

2.19. Leases

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

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

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

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

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

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

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

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

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

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

	2025	2024
Carrying amount of Right-of-Use asset	1,253,841,561.19	1,315,324,748.29
Depreciation expense	84,990,635.78	55,210,734.92
Interest expense	9,412,651.61	2,267,308.21
Short-term leases	92,771,635.40	95,045,653.76
Total	1,441,016,483.98	1,467,848,445.18

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.

2.20. Employee Benefits

Short-term Benefits.

Short-term benefits given by the Corporation to its employees include salaries and wages, compensated absences, 13th month pay, Mid-year bonus, employer share contributions and other de minimis benefits, among others. These are granted pursuant to E.O. 150, or the Compensation and Position Classification System for Government Corporations.

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

2.21. 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.

2.22. 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.

2.23. Provision for Insurance Contract Liabilities (ICL)

Provision for ICL is the estimate of the expected future claims payments to be incurred less expected premium contributions in relation to the liabilities that the Corporation is contractually obligated to pay to our members. It is computed as the expected net of present value of expenses (claims + expenses) and present value of collection plus margin for adverse deviation. Since 2005, PFRS 4 have mandated that these liabilities must be properly recognized and reported in the financial statements.

Adequacy test is also performed to assess at the end of each reporting period whether the recognized insurance contract liabilities are adequate, using current estimates of future cash flows under its insurance contract. If the test shows that the liability is inadequate, the entire deficiency is recognized in profit or loss.

The ICL is a different computation and not equal to the reserve fund which is a two years' projected program expenditure to be set aside in accordance with R.A. 7875 as amended by R.A. 9241, 10606, and 11223.

2.24. 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.

2.25. 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

The estimate is based on SPA generated by employers. The amount estimated shall be based on the applicable period as at the reporting period. The generated Spa shall come from the extraction of databases and shall cover all employers registered all over the country.

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. The amount of the allowance is computed by multiplying the exposure at default by Loss rate (100% less collection efficiency rate). 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 2025 and 2024.

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 received and 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. Provision for Denied Claims - Denied claims are claims determined to be invalid and unworthy of payment due to an absolute deficiency that cannot be remedied through return to Health Facility or due to a finding of an unmet requirement. However, a provision is necessary for those claims with pending motion for reconsiderations which are highly probable that payment shall be made after evaluation.
- c. Incurred But Not Yet Reported (IBNR) - These are claims which are estimated to be in the possession of the Health Facilities (HFs) as of the end of the year and have yet to be submitted to the Corporation. The IBNR is the balance after deducting the ICS and provision for denied claims from Incurred But Not yet Paid (IBNP) when IBNP are those claims yet to be paid by PhilHealth. The amount to be recorded is actuarially estimated. It is computed as follows:

$$\text{IBNR} = \text{IBNP} - \text{ICS} - \text{Provision for Denied}$$

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 lag time periods in which claims were incurred and the time periods in which they were paid. The development method uses these groupings to create a claims processing or lag development pattern, which is used to determine completion factors to help estimate the unpaid portion of incurred claims and come up with the ultimate value of claims. The paid claims are then subtracted from the ultimate value of claims by admission month to estimate the IBNP reserves.

The IBNP was estimated by admission month, and separately by covid and non-covid claims. The ultimate value of claims was estimated by admission months and subtracted the cumulative paid claim to arrive at the estimated IBNP claims.

Calculation of IBNP Claims – Non-Covid Claims

Ultimate claims for Non-Covid claims were estimated using the Paid Chain Ladder/Development Method (PDA), wherein the reported paid claims by admission month are divided by the appropriate completion factors. We based the completion factors on historical experience except for the immediate few months for which another method needs to be employed as completion factors may not be credible during these months. The paid claims are then subtracted from the ultimate value of claims by admission months to estimate the IBNP reserves.

Calculation of IBNP Claims – Covid Claims

IBNP claims for covid claims were calculated separately for “testing” and “other than testing,” utilizing distinct illness codes. However, the ultimate value of Covid claims was estimated by multiplying average paid per case (AVPC) to the ultimate claim count taking into account the frequency and severity of Covid claims instead of historical claims data due to lack of a well-established payment pattern and insufficient experience to use a credible lag method. The AVPC is obtained by dividing the cumulative paid claims amount by the paid claims count. The ultimate claim count was based on the number of reported claims to PhilHealth, and the official DOH reported number of Covid cases and number of administered tests. For 2023, since more stable paid claims information for the pandemic years had become available, lesser uncertainty margins had been considered.

Further, the following are included in the computation of the IBNP:

- Claims Handling Expense

It refers to the cost incurred by PhilHealth in managing and processing claims. Five percent claims handling expense loading was applied to 100% of the IBNR and 50% of the ICS. This assumes that 50% of expenses are associated with opening the claim, and the remaining 50% is for closing the claim.

- Provision for Denied Claims

Denied claims are claims determined to be invalid and unworthy of payment due to an absolute deficiency that cannot be remedied through return to Health Facility or due to a finding of an unmet requirement.

Based on the history of payments realized for claims initially denied, there are claims that may be approved even ten years after admission date.

In projecting the provision for denied claims, the historical ratio of total paid claims at various development periods for previously denied claims to the total denied claims as of December 31, 2024 was first determined. After which, the selected ratio for future developments was multiplied by the total denied claims to come up with the provision.

- Margin for Adverse Deviation

It reflects the degree of uncertainty of the best estimate assumption. Because of the high level of uncertainty inherent in estimating IBNP reserves, and to reflect a higher level of comfort in the recorded number than that in the best estimate of IBNP, a 10% margin for adverse deviation was added in the computation.

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:

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

*Probability of Default and Loss Given Default is based on Bloomberg

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

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

default given the Corporation's compliance to regulatory agencies and the service agreements with the AGDBs.

Liquidity Risk

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

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

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

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

Interest Rate Risk

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

5. Cash and Cash Equivalents

This account is composed of the following:

	2025	2024
Collecting Officers	54,089,149.05	192,723,514.82
Petty Cash Fund (PCF)	6,100,865.04	4,816,928.05
Cash in Bank	3,904,175,061.79	5,331,000,848.69
Special Savings Deposits	40,183,661,938.96	48,743,566,042.74
Total	44,148,027,014.84	54,272,107,334.30

- 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 that 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 P411,083.87 and P470,756.53 in March 31, 2025 and March 31, 2024 respectively.

5.4. SSDs are term deposits of one (1) day up to ninety (90) days with interest rates higher than the regular savings deposit rates and evidenced by either passbook or schedule of deposits. The interest rates ranging from 1.2500 to 5.9500 and 5.520 to 5.950 percent as of March 31, 2025 and December 31, 2024, respectively.

Interest Earned on SSDs amounted to P576,233,200.06 and P451,637,017.80 in March 31, 2025 and March 31, 2024, respectively.

6. Investment in Time Deposit

Investments in Time Deposits are term deposits of ninety-one (91) to three hundred sixty-four (364) days with interest rate ranging from 5.850 to 6.215 percent as of March 31, 2025 and December 31, 2024.

	2025	2024
Investment in Time Deposits – Local Currency	75,136,308,431.85	51,940,265,674.99
Investment in Time Deposits – Foreign Currency	1,359,054.80	1,371,303.60
Total	75,137,667,486.65	51,941,636,978.59

7. Receivables

This account is composed of the following:

	2025	2024
Receivable from Direct Contributors	53,220,788,688.47	53,238,261,322.53
Due from NGAs	80,471,469,489.14	80,505,393,376.63
Due from LGUs	208,811,155.78	210,493,755.78
Due from LGUs – Primary Care Provider Network	46,757,413.28	46,757,413.28
Accrued Interest Receivable from Investment	5,901,070,180.60	6,297,076,324.96
Other Receivable	58,894,082.78	59,037,372.63
Receivables	139,907,791,010.05	140,357,019,565.81
Less: Allowance for Impairment	(30,010,493,757.81)	(30,006,442,445.31)
Receivables, net	109,897,297,252.24	110,350,577,120.50

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

	2025	2024
Receivable from Direct Contributors	53,220,788,688.47	53,238,261,322.53
Less: Allowance for Impairment	(9,134,620,877.72)	(9,134,620,877.72)
Total	44,086,167,810.75	44,103,640,444.81

Part of the Receivable from the direct contributor is an accrual based on the accounting policy in Note to FS 3.2.

Expected Credit Loss for CY 2025 and CY 2024 is as follows:

	2025	2024
Premium Receivable - Government	12,883,527,042.93	12,883,527,042.93
Premium Receivable - Private	36,573,170,285.60	36,573,170,285.60
Premium Receivable –Self Earning	3,665,399,336.00	3,665,399,336.00
Premium Receivable – Land Based	116,164,658.00	116,164,658.00
Premium Receivable – Organized Group		
Total	53,238,261,322.53	53,238,261,322.53
Loss Rate	17.158%	17.158%
Expected Credit Loss	9,134,620,877.72	9,134,620,877.72

The Expected Credit Loss (ECL) is computed by multiplying the exposure at default by the Loss Rate (1-Collection Efficiency Rate).

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

	2025	2024
NHTS		
No. of enrollees	15,912,756	12,618,921
Amount	37,957,697,000.00	37,957,697,000.00
Senior Citizen		
No. of enrollees	12,703,773	8,557,139
Amount	41,270,304,800.00	41,270,304,800.00
Point-of-Service (POS)		
No. of enrollees	317,271	187,623
Amount	839,239,200.00	839,239,200.00
Fortuitous event	56,135	
No. of enrollees		56,135
Amount	134,724,000.00	134,724,000.00
Department of Public Works and Highways (DPWH)		
Amount	232,214,976.08	269,975,572.97
DBM-Procurement	37,118,632.46	33,281,923.06
Due from NGAs – BIR	170,880.60	170,880.60
Total	80,471,469,489.14	80,505,393,376.63
Allowance for impairment	(20,671,858,800.00)	(20,671,858,800.00)
Net amount	59,799,610,689.14	59,833,534,576.63

Details of Due from NGA's:

DBM Procurement	37,118,632.46
DPWH - fund transfer	232,214,976.08
Due from NGAs - BIR	170,880.60
2025 Total	269,504,489.14

Enrollment of 2,384,258 indigent members under the Listahanan of the DSWD identified through NHTS-PR for CY 2024 based on billing to DBM dated July 22, 2024.	7,152,774,000.00
Enrollment of 909,477 indigent members under the Listahanan of the DSWD identified through NHTS-PR for CY 2024 based on billing to DBM dated October 18, 2024.	2,728,431,000.00
Enrollment of 4,146,634 Senior Citizens profiled as members in the database for CY 2022 based on billing to DBM dated Sept. 12, 2024	20,733,170,000.00
Enrollment of 129,648 financially-incapable Point-Of-Service (POS-FI) patients as determined by DOH for CY 2024 based on billing to DBM dated October 10, 18, and 30, 2024.	388,944,000.00

2024 Total	31,003,319,000.00
Enrollment of 12,618,921 indigent members under the Listahan 2 of the DSWD categorized through NHTS-PR program for CY 2023 based on billing to DBM dated March 22, 2023 and May 26, 2023.	28,076,492,000.00
2023 Total	28,076,492,000.00
Enrollment of 187,623 qualified members under the 2019 POS program for the period January to December 2018 per billing to DBM	450,295,200.00
Total 2018	450,295,200.00
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)]	5,421,018,000.00
Less: Allowance for impairment	(5,421,018,000.00)
Total 2016	-
Enrollment of 5,416,178 Senior Citizens for CY 2015 per billing to DBM	12,998,827,200.00
Less: Allowance for Impairment	(12,998,827,200.00)
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.	134,724,000.00
Enrollment of 882,204 Senior Citizens for the period of October to December 2014 per billing to DBM	2,117,289,600.00
Less: Allowance for Impairment	(2,252,013,600.00)
Total 2014	-
Grand Total	59,799,610,689.14

Allowance for Impairment was provided for Due from the National Government for the years 2016 and below.

- 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:

	2025	2024
National Capital Region (NCR)	6,040.00	6,040.00
Cordillera Administrative Region (CAR)	105,365.00	105,365.00
II		-
III	60,591,928.30	60,751,528.30
IVA	36,500.00	59,500.00
V	795,000.00	795,000.00
VI	143,730,922.48	145,230,922.48
VII	3,545,400.00	3,665,400.00
Due from LGUs	208,811,155.78	210,493,755.78
Less: Allowance for Impairment	(204,014,080.09)	(199,962,767.59)
Due from LGUs, net	4,797,075.69	10,530,988.19

Expected Credit Loss amounting to P199,962,767.59 is computed by multiplying 94.997006846% of the exposure default of P210,493,755.78 as at December 31, 2024 plus additional ECL for March 31, 2025 as provided by the PROs amounting to P4,051,312.50.

- 7.4. Due from LGU- Primary Care Provider Network (PCPN) are fund transferred through frontloaded capitation to contracted Public Network for primary care services to our members. As of reporting period, only four Philhealth Regional Offices have engaged Public Network. The balance of the frontloaded capitation is at P46,757,413.28 as at March 31, 2025 and December 31, 2024, respectively.

Breakdown of the Due from LGU- PCPN:

PRO	2025	2024
CAR	6,310,877.82	6,310,877.82
IV-A	40,446,535.46	40,446,535.13
Total	46,757,413.28	46,757,413.28

- 7.5. Accrued Interest Receivable from investment amounting to P5,901,070,180.60 and 6,297,076,324.96 as at March 31, 2025 and December 31, 2024, 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.
- 7.6. Other Receivables amounting to P58,894,082.78 and P59,037,372.63 as at March 31, 2025 and December 31, 2024, respectively, represent disallowances and due from officers and employees.

8. Inventories

Inventories s of March 31, 2025 and December 31, 2024 were stated at cost less any allowance for impairment.

This account is composed of the following:

	2025	2024
Office Supplies and Materials Inventory	103,973,804.54	109,697,004.22
Semi-Expendable Machinery and Equipment	75,570,825.29	44,912,259.43
Semi-Expendable Furniture, Fixtures and Books	22,318,442.45	19,201,329.39
Inventories	201,863,072.28	173,810,593.04
Less: Allowance for Impairment	(272,085.75)	(1,452,310.78)
Inventories, net	201,590,986.53	172,358,282.26

- 8.1. Office Supplies and Materials Inventory account amounting to P103,973,804.54 and P109,697,004.22 as at March 31, 2025 and December 31, 2024, respectively, represents small tangible items that are expected to be used within one (1) year from the reporting date.
- 8.2. Semi-Expendable Machinery and Equipment account amounting to P75,570,825.29 and P44,912,259.43 as at March 31, 2025 and December 31, 2024, respectively, represents office equipment, information and communication technology costing less than P50,000.00.
- 8.3. Semi-Expendable Furniture, Fixtures, and Books account amounting to P22,318,442.45 and P19,201,329.39 as at March 31, 2025 and December 31, 2024, respectively, represents furniture, fixtures and books costing less than P50,000.00.

Impairment is only provided for prior years inventories hence, no additional impairment was provided for the current year.

9. Other Current Assets

This account is composed of the following:

	2025	2024
Other Current Assets	158,657,191.67	416,175,739.59
Less: Allowance for Impairment	(28,529,369.32)	(29,322,094.97)
Other Current Assets, net	130,127,822.35	386,853,644.62

- 9.1. Other Current Assets amounting to P158,657,191.67 and P416,175,739.59 as at March 31, 2025 and December 31, 2024, respectively, represent Fines and Penalties from ACAs, payment recovery, DCPM amounting to P82,522,233.61, and compromise penalties of hospitals amounting to P24,264,032.00 for the taxable year 2003-2004 per BIR decision with reference No. P06-15 dated April 14, 2015 is included in the balance as well.

The Debit-Credit Payment Method (DCPM) was introduced in 2021 during the pandemic to comply with Section 47(l) of the Revised Implementing Rules and Regulations of the National Health Insurance Act of 2013 of Republic Act No. 7875, as amended by R.A. Nos. 9241 and 10606, prescribes that "all completed claims, except those under investigation, shall be paid within the sixty (60) calendar days from the receipt of the Corporation. As such, for in process claims ageing 60 days and beyond were paid and tagged as DCPM population subject to processing and reconciliation.

The DCPM recorded as Other Current Assets amounting to P82,522,233.61 are now subject to reconciliation and Payment Recovery Policy of the Corporation.

- 9.2. Allowance for Impairment amounting to P28,529,369.32 was provided due to ECL as at March 31, 2025. Details as follows:

	Total Amount	Allowance	Net Amount
Other Receivables - Accrued Fines & Penalties	9,663,968.56	(2,185.45)	9,661,784.11
Other Receivables - Personal Calls	45.85	-	45.85
Other Receivables - Refund from Benefit Payment	37,465,368.85	(2,811,416.19)	37,465,368.85
Other Receivables - Filing Fees	21,821.36	-	21,821.36
Other Receivables - GPAI	-	-	-
Other Receivables - Payment Recovery	2,483,656.40	-	2,483,656.40
Other Receivables - DCPM	82,522,233.61	-	82,522,233.61
Other Receivables - Others	26,500,097.04	(25,715,768.68)	784,328.36
Total	158,657,191.67	(28,529,369.32)	130,127,822.35

Allowance is provided for long outstanding other receivables while other receivables such as personal calls, filing fees, receivables under payment recovery from HF's and DCPM are not subject to impairment since these are all deemed collectibles.

10. Investment Securities at Amortized Cost

This account is composed of the following:

	2025	2024
Investment in Treasury Bills	9,429,560,814.01	28,284,279,260.43
Investment in Government Bonds	347,066,263,530.95	347,228,619,665.68
Investment in Corporate Bonds	15,326,910,000.00	16,147,910,000.00
Total Investments	371,822,734,344.96	391,660,808,926.11
Less: Allowance for Impairment	(6,766,251.17)	(6,879,452.57)
Investments, net	371,815,968,093.79	391,653,929,473.54

- 10.1. Investment in Treasury Bills with a maturity period of 91 to 364 days and with an average interest rate of 5.9993 percent as at December 31, 2024. There are no additional placement as at March 31, 2025.

	Interest Rate(%)	2025	2024
Treasury Bills	6.0330	-	9,425,067,726.97
Treasury Bills	5.9820	-	9,429,650,719.45
Treasury Bills	5.9830	9,429,560,814.01	9,429,560,814.01
Total		9,429,560,814.01	28,284,279,260.43

- 10.2. Investment in Government Bonds with a maturity period of more than one (1) year and with an average interest rate of and 5.2587 percent as at March 31, 2025 and December 31, 2024.

	Interest Rate(%)	2025	2024
Retail Treasury Bonds	5.067	75,500,000,000.00	75,500,000,000.00
RTB Non-Restricted Environment	5.4504	271,566,263,530.95	271,728,619,665.68
Tokenized Treasury Bonds	-	-	-
Total		347,066,263,530.95	347,228,619,665.68

- 10.3. Investment in Corporate Bonds with a maturity period of more than one (1) year and with an average interest rate of 6.3335 and 5.9024 percent as at March 31, 2025 and December 31, 2024, respectively.

	Interest Rate%	2025	2024
2.5 yrs SM Prime Holdings Fixed Rate Bonds	6.2069	1,000,000,000	1,000,000,000
4 yrs SM Prime Holdings Fixed Rate Bonds	6.2151	1,000,000,000	1,000,000,000
3 yrs SM Prime Holdings Fixed Rate bonds	6.5754	200,000,000	200,000,000
6 yrs SM Prime Holdings Fixed Rate Bonds	6.3275	500,000,000	500,000,000
5 yrs SM Prime Holdings Fixed Rate bonds	6.7537	200,000,000	200,000,000
7 yrs SM Prime Holdings Fixed Rate bonds	6.9650	300,000,000	300,000,000
3 yrs Robinson Land Corp. Fixed Rate Bonds	6.0972	270,000,000	270,000,000
5 yrs Robinson Land Corp. Fixed Rate Bonds	6.1663	856,910,000	856,910,000
1.5 yr DBP Fixed Rate Bonds_Series 4	6.4126		821,000,000
1.5 yr DBP Fixed Rate Bonds_Series 5	6.1020	5,000,000,000	5,000,000,000
1.5 yr DBP Fixed Rate Bonds_Series 6A	6.0503	3,000,000,000	3,000,000,000
3.0 yr DBP Fixed Rate Bonds_Series 6B	6.1294	3,000,000,000	3,000,000,000
Total		15,326,910,000	16,147,910,000
Less: Allowance for Impairment		(6,766,251.17)	(6,879,452.57)
Investments in Corporate Bonds, net		15,320,143,748.83	16,141,030,547.43

Interest earned on Investment Securities at Amortized Cost amounted to P4,825,008,854.31 and P4,110,407,493.96 as at March 31, 2025 and March 31, 2024, respectively.

11. INVESTMENT PROPERTY

This account is composed of the following:

- 11.1. A parcel of land situated in Quezon City with a total area of 17,230.50 square meters (sq. m.). This property has a carrying amount of P439,377,751. The Head Office of PhilHealth

shall be constructed in this lot. Relative to the construction of the proposed PhilHealth Corporate Center, the Corporation acquired an additional 145 sq. m. lot from the National Housing Authority (NHA) located in Barangay Pinyahan, East Avenue, Quezon City at a cost of P2,439,735. It has an average fair market value of P3,122,167 as of March 11, 2024

- 11.2. A property with a total area of 4,355 sq. m. acquired from Fort Bonifacio Development Corporation (FBDC), in exchange for the Corporation's investments in FBDC located in Fort Bonifacio, Taguig City. This asset with a carrying amount of P413,845,805 was appraised with an average fair market value of P4,569,048,500 as of March 11, 2024.

12. Property and Equipment – Net

This account is composed of the following:

2025							
	Land and Land Improvements	Bldg. & Structure/ Leasehold Impts.	Infra. Asset	Construction in Progress	Furniture & Fixtures, Equipment & Books	Motor Vehicle	Total
Cost							
Balance at beg. of year	P155,684,746.25	P285,823,232.85	P161,613.47	P33,522,193.38	P2,518,483,161.58	P434,008,884.99	P3,427,683,822.52
Additions		2,149,854.81	-	35,892,804.37	105,487,770.64	78,000.00	107,715,625.45
Adjustments			-		(16,411,168.73)	(3,578,799.50)	15,902,836.14
Balance at end of Dec	P155,684,746.25	P287,973,087.66	P161,613.47	P69,414,997.75	P2,607,559,753.49	P430,508,085.49	P3,551,302,284.11
Accum. Depreciation							
Balance at beg. of year	P 1,567,028.77	P181,008,082.74	P29,090.42	-	P1,865,580,560.87	P232,866,912.40	P2,281,051,675.20
Depreciation	25,744.83	6,566,596.14	7,272.81	-	30,949,808.00	8,090,951.53	45,640,373.11
Adjustments	-	805,314.82	-	-	(2,285,976.94)	(4,508,871.96)	(5,989,534.08)
Balance at end of Dec	1,592,773.60	188,379,993.70	36,363.03	-	1,894,244,391.93	236,448,991.97	2,320,702,514.23
Carrying Amount	P154,091,972.65	P99,593,093.96	P125,250.44	P69,414,997.75	P713,315,361.56	P194,059,093.52	P1,230,599,769.88

2024							
	Land and Land Improvements	Bldg. & Structure/ Leasehold Impts.	Infra. Asset	Construction in Progress	Furniture & Fixtures, Equipment & Books	Motor Vehicle	Total
Cost							
Balance at beg. of year	P20,514,062.12	P 271,442,443.74	161,613.47	P 30,641,377.26	P 2,252,567,053.04	P 441,809,050.99	P 3,017,135,600.62
Additions	138,045,682.07	44,510,121.91	-	3,452,923.42	355,312,459.38	3,590,000.00	544,911,186.78
Adjustments	(2,874,997.94)	(30,129,332.80))	-	(572,107.30))	(89,395,350.84)	(11,390,166.00)	(134,352,954.88)
Balance at end of year	P155,684,746.25	P285,823,232.85	161,613.47	P 33,522,193.38	P 2,518,483,161.58	P 434,008,884.99	P 3,427,683,822.52
Accum. Depreciation							
Balance at beg. of year	1,498,376.89	P193,093,990.49	-	-	P 1,787,556,343.37	P 207,327,547.12	P 2,189,476,256.87
Depreciation	68,652.88	18,139,669.40	29,090.42	-	134,026,674.83	36,518,420.76	188,782,508.29
Adjustments	-	(30,225,577.15)	-	-	(56,002,457.33)	(10,979,056.48)	(97,207,089.96)
Balance at end of year	1,567,028.77	P 181,008,082.74	29,090.42	-	P 1,865,580,560.87	P 232,866,912.40	P 2,281,051,675.20
Carrying Amount	P154,117,717.48	P 104,815,150.11	132,523.05	P 33,522,193.38	P 652,902,590.71	P 201,141,972.59	P 1,146,632,147.32

Included under Land and Buildings accounts are the following:

- 12.1. A parcel of lot with a total area of 1,544 sq. m. and a building with a total floor area of 3,287 sq. m. purchased by PRO III for its permanent Regional Office in San Fernando, Pampanga at a cost of P25,520,363. The land and building were appraised with an average fair market value of P101,333,000 as of March 12, 2024. PRO III also purchased a warehouse in San Fernando City, Pampanga with a total area of 1,831 sq. m. and was appraised with an average fair market value of P28,449,500 as of March 12, 2024.
- 12.2. A parcel of lot with a total area of 2,897 sq. m. located in Tuguegarao City which will be used as the PRO II's Regional Office. This property was received by way of donation, through a Memorandum of Agreement (MOA) executed between the Department of Public Works and Highways (DPWH) Region II and the Corporation. This property which is carried in the books at P4,056,000 and was appraised with an average fair market value of P52,580,500 as of March 12, 2024.
- 12.3. A parcel of lot with a total area of 600 sq. m. located in Gov. Democrito O. Plaza Government Center, Patin-ay, Prosperidad, Agusan del Sur which will be used as the

PRO CARAGA's Local Health Insurance Office (LHIO) San Francisco Corporate Office. This property was received by way of donation, through Deed of Donation executed by the Provincial Government of Agusan del Sur in favor of PhilHealth office. This property is recorded at P1,086,000.

- 12.4. Construction in progress – this represents the accumulated cost or other appropriate value of buildings and other structures which are still in progress of construction or development. PRO 2 has paid the mobilization fee for the construction of the building while PRO 6 and 12 have paid their architectural and engineering design.
- 12.5. LGU City of Koronadal donated a parcel of land with an area of 2,089 sqm at the Prime lo Regional Center in Barangay Saravia, City of Koronadal. The donated land is for the Philhealth Regional Office XII Office Buiding which will be recorded at as part of the Land account upon completion of the deed of donation.

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:

			2025
	Total Amount	Accumulated Depreciation	Net Amount
Head Office	362,632,041.04	(100,731,122.52)	261,900,918.52
PRO NCR	868,088,664.12	(292,924,897.41)	575,163,766.71
PRO CAR	62,236,190.31	(23,280,188.36)	38,956,001.95
PRO I	2,713,364.70	(2,203,825.42)	509,539.28
PRO III	140,671,012.63	(73,368,865.92)	67,302,146.71
PRO IVA	54,824,279.99	(19,196,118.94)	35,628,161.05
PRO IVB	118,020,168.62	(79,612,022.87)	38,408,145.75
PRO V	82,602,583.71	(36,997,398.84)	45,605,184.87
PRO VI	95,066,140.92	(30,208,447.26)	64,857,693.66
PRO VII	2,801,182.18	(2,235,620.42)	565,561.76
PRO VIII	20,994,127.54	(7,149,616.93)	13,844,510.61
PRO X	100,839,887.69	(33,152,259.82)	67,687,627.87
PRO XI	49,585,374.84	(16,203,878.09)	33,381,496.75
PRO CARAGA	65,838,963.56	(55,808,157.86)	10,030,805.7
Carrying Amount	2,026,913,981.85	(773,072,420.66)	1,253,841,561.19

			2024
	Total Amount	Accumulated Depreciation	Net Amount
Head Office	362,632,041.04	(70,511,785.80)	292,120,255.24
PRO NCR	868,088,664.12	(292,924,897.41)	575,163,766.71
PRO CAR	62,236,190.31	(18,621,874.16)	43,614,316.15
PRO I	3,052,974.77	(2,298,454.52)	754,520.25
PRO III	140,671,012.63	(65,057,449.68)	75,613,562.95
PRO IVA	47,390,233.26	(15,480,316.07)	31,909,917.19
PRO IVB	118,020,168.62	(73,273,319.01)	44,746,849.61
PRO V	78,146,518.59	(29,655,681.01)	48,490,837.58
PRO VI	95,066,140.92	(25,455,140.22)	69,611,000.70
PRO VII	2,801,182.18	(2,147,633.96)	653,548.22
PRO VIII	20,994,127.54	(5,400,106.33)	15,594,021.21
PRO X	88,921,901.70	(18,922,653.16)	69,999,248.54
PRO XI	49,585,374.84	(12,575,561.60)	37,009,813.24
PRO CARAGA	69,775,205.70	(59,732,115.00)	10,043,090.70
Carrying Amount	2,007,381,736.22	(692,056,987.93)	1,315,324,748.29

Details of ROU Assets as at March 31, 2025 are as follows:

Lessor	Use	Lease Period	Amount
Head Office			
Zapanta Realty & Dev't. Corp.	Office Space	06/01/2024 to 05/31/2027	151,956,773.67
Columbia Estate Properties, Inc.	Office Space	06/01/2024 to 05/31/2027	141,497,459.86
Columbia Estate Properties, Inc.	Warehouse	06/01/2024 to 05/31/2027	19,285,580.08
Fortune General Ins. Corp.	Office Space	06/01/2024 to 05/31/2027	15,935,787.36
Fortune Life Ins. Co., Inc.	Office Space	06/01/2024 to 05/31/2027	33,956,440.07
Sub-Total Head Office			362,632,041.04
PRO NCR			
BNC Properties Inc.	LHIO Parañaque	08/31/2022 to 07/31/2027	35,632,780.80
0.8Columbia Estate Properties, Inc.	NCR Central Branch and LHIO Q. C.	01/01/2023 to 12/31/2027	187,329,462.60
Fibertex Corporation	LHIO Rizal	03/01/2022 to 02/28/2027	29,805,510.00
Intralund Resources and Devt. Co.	NCR North Branch	01/01/2023 to 12/31/2026	78,405,600.00
Iriz One Properties Inc	LHIO Pasig	01/01/2023 to 12/31/2027	38,699,043.60
Lica Management Inc.	LHIO Mandaluyong	05/01/2023 to 04/30/2028	50,607,009.60
Lica Management Inc.	LHIO Makati	08/01/2023 to 8/01/2025	19,426,212.00
Manong R Realty & Dev't. Corporation	LHIO Fairview	01/01/2023 to 12/31/2027	36,480,000.00
Mega Accents Home Furnishing Inc.	LHIO Las Piñas	09/01/2022 to 08/31/2027	57,600,000.00
ORAS Realty Corporation	LHIO Manila	01/01/2023 to 12/31/2026	21,100,800.00
Panorama Technocenter	Office of the Vice President	12/15/2023 to 12/15/2026	81,662,573.52
2616 Realty, Inc.	South Branch	08/01/2024 to 8/31/2027	199,692,000.00
Kalayaan Devt. and Industrial Corp.	LHIO Caloocan	10/01/2024 to 4/31/2027	26,308,800.00
Department of Migrant Workers	POEA	01/01/2024 to 12/31/2026	2,177,280.00
Manong R Realty & Dev't. Corporation	Warehouse	09/01/2024 to 09/01/2025	3,161,592.00
Sub-Total PRO NCR			868,088,664.12
PRO CAR			
Lester Astudillo	Abra Office Space	04/01/2022 to 03/03/2027	5,276,891.92
Montanosa Pastoral Resources Corp	Baguio Office Space	04/01/2023 to 03/03/2025	12,172,601.99
Precious Sarah Residence-Apayao	Apayao Office Space	07/16/2023 to 07/15/2025	1,039,176.63
KEDAWEN RENTALS	Mt. Province-Office Space	01/01/2024 to 12/31/2026	2,493,247.26
SNOBT Inc.	PRO CAR Office Space	05/01/2024 to 04/30/2027	31,882,857.88
A and B Realty/ Alejandro A. Berad	Benguet Office Space	04/16/2024 to 04/15/2027	8,174,970.39
JDT COMMERCIAL CENTER - B	Ifugao Office Space	04/01/2024 to 03/31/2027	1,196,444.24
Sub-Total PRO CAR			62,236,190.31
PRO I			
B & D Bldg, Allied Properties	Satellite Office, La Union	05/16/2022 to 05/15/2025	810,249.07
Marmor Realty	LHIO Western Pangasinan	01/01/2023 to 12/31/2025	1,903,115.63
Sub-Total PRO I			2,713,364.70
PRO III			
3Aces Commercial Building	LHIO Sta. Maria	06/01/2023 to 07/31/2028	14,769,205.58
Tarlac Metrotown Corporation	LHIO Tarlac	12/15/2023 to 12/14/2028	8,575,670.33
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
AAZ Building	Warehouse	06/01/2024 to 05/31/2029	12,754,052.83
Oscar Santos	LHIO Olongapo	08/01/2022 to 07/31/2027	18,232,199.50
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			140,671,012.63
PRO IV-A			
Lucena Grand Central Terminal Inc.	PRO IVA Office Space	10/01/2024 to 09/30/2027	5,126,731.23
Calamba Medical Center	LHIO Calamba Storage Space	07/01/2020 to 06/30/2025	2,491,822.15
Manuelito Loricca	LHIO Gumaxa Office Space	02/01/2021 to 01/31/2026	6,676,068.29
James Uy	LHIO SPC Office Space	08/01/2023 to 07/31/2028	16,745,256.39
Lucena Grand Central Terminal Inc.	LHIO Lucena Office Space	06/01/2024 to 06/30/2027	7,305,020.85
Calamba Medical Center	LHIO Calamba Space	11/01/2024 to 10/31/2027	9,045,334.35
James Uy	LHIO Storage Space	01/01/2025 to 12/31/2025	65,306.92
One FS industrial Corporation	LHIO Trece Martires	01/01/2025 to 12/31/2027	7,368,739.81

Lessor	Use	Lease Period	Amount
Sub-Total PRO IV-A			54,824,279.99
PRO IV-B			
Willy D. Tan	LHIO Lipa Warehouse	09/05/2023 to 09/04/2028	1,644,537.06
Willy D. Tan.	LHIO-Lipa	11/25/2024 to 11/25/2027	13,130,862.69
Edgardo P. Perez	LHIO Tanauan	06/02/2022 to 06/02/2027	17,562,077.39
Sunview Proper	Regional Office Warehouse	12/07/2023 to 12/06/2028	10,522,782.93
XRC Mall Developer	Regional Office	07/01/2020 to 06/30/2025	59,818,371.69
Karangyan Builders & Traders	LHIO Oriental Mindoro	06/01/2021 to 05/31/2026	6,425,658.59
Bernardo B. Go, Jr.	LHIO-Palawan	06/29/2023 to 06/28/2028	8,915,878.27
Sub-Total PRO IV-B			118,020,168.62
PRO V			
ANST Corp.	Office Space	12/31/2023 to 11/30/2026	44,464,363.41
SORCOM Leasing	Office Space	12/31/2023 to 11/30/2026	6,354,809.71
Westhub	Office Space	10/01/2023 to 09/30/2026	10,539,232.08
Delos Santos	Office Space	10/01/2023 to 09/30/2026	14,581,453.08
Virac Town Center Devt. Corp.	Office Space	06/01/2024 to 05/31/2027	6,662,725.43
Sub-Total PRO V			82,602,583.71
PRO VI			
HEVA Management & Devt. Corp.	LHIO Iloilo	01/01/2023 to 12/31/2027	17,394,807.96
Barangay Catilán	PhilHealth Express	06/16/2023 to 06/15/2028	258,776.97
Northern Negros Planters Asso	LHIO Sagay	01/01/2023 to 12/31/2027	4,631,712.24
Joseph Royce Agapito Tamayo			
Ojcastro	Office Space-LHIO Akkian	01/13/2024 to 01/12/2029	18,428,385.06
Donna Marie Encarnacion	Office Space-LHIO Antique	11/09/2023 to 11/28/2028	11,347,799.54
Pedro P. Zayco	Office Space-LHIO Kabankalan	10/19/2023 to 10/18/2028	11,234,045.39
Heva Management and Development Corporation	Warehouse (PRO VI)	01/01/2023 to 12/31/2027	5,877,808.70
Pueblo de Panay, Inc.	Office Space (LHIO Capiz)	01/16/2024 to 01/15/2029	11,402,464.77
426 Holdings, Inc.	Office Space (LHIO Bacolod)	10/18/2023 to 10/18/2028	10,364,951.23
Danilo L. Yap	Office Space (Boracay Satellite)	01/16/2024 to 01/15/2029	4,125,389.06
Sub-Total PRO VI			95,066,140.92
PRO VII			
Province of Siquijor	Office Space	01/01/2017 to 12/31/2026	2,585,425.60
Talibon DC General Merchandise	Warehouse	03/16/2020 to 03/15/2025	215,756.58
Sub-Total PRO VII			2,801,182.18
PRO VIII			
Hugh Trevor Realty Warehouse	Office Space	12/15/2022 to 12/15/2025	1,979,834.51
OPB REALTY	Office Space	07/01/2024 to 06/30/2027	8,343,606.29
MAV Properties	Office Space	05/16/2024 to 04/17/2027	6,840,013.81
Nestor Alvarez	Office Space	11/01/2024 to 10/31/2027	2,484,122.12
CINCO Real Property Estate Leasing	Office Space	12/09/2022 to 11/18/2025	1,346,550.81
Sub-Total PRO VIII			20,994,127.54
PRO X			
Limketkai and Sons, Inc.	Office Space	06/01/2024 to 05/31/2027	72,238,296.84
N & G Realty and Devt. Corp.	Warehouse	06/01/2024 to 05/31/2027	11,158,493.18
Gonzales-Gimeno Realty, Inc.	Office Space	01/01/2024 to 12/31/2025	2,651,630.16
Cherob Real Estate	Office Space	01/01/2024 to 12/31/2027	1,448,993.32
Orama Supercenter Inc.	PBC Carmen	01/01/2025 to 12/31/2025	438,964.39
FNX Commercial Bldg	LHIO Gingoog	01/01/2025 to 12/31/2025	1,715,082.85
Ma Victoria J. Jansol	PBC Camiguin	01/01/2025 to 12/31/2027	1,715,751.40
Q & G Chua Trading Corporation	LHIO Valencia	01/01/2025 to 12/31/2025	930,489.90
Centro Supersales Inc.	PBC Maramag	01/01/2025 to 12/31/2025	952,108.31
Mayee Commercial Space Rental	PBC Maranding	01/01/2025 to 12/31/2025	232,202.39
Aileen P. Pepito	PBC Tubod	01/01/2025 to 12/31/2025	406,354.18
CW Commercial Leasing	PBC Oroquieta	01/01/2025 to 12/31/2027	6,951,520.77
Sub-Total PRO X			100,839,887.69
PRO XI			
DDIS Inc.	Warehouse	7/1/2022 to 06/30/2027	5,767,069.32

Lessor	Use	Lease Period	Amount
828 Commercial Building	Office Space	07/01/2022 to 06/30/2027	1,228,795.77
Roche Building	Office Space	05/01/2023 to 05/31/2028	8,118,077.82
Valgosons Realty Incorporated	Office Space	04/16/2024 to 04/15/2027	34,471,431.93
Sub-Total PRO XI			49,585,374.84
PRO CARAGA			
Abcalo Commercial Building	Office Space	07/01/2020 to 06/30/2025	42,718,549.67
Mn Bayalas Commercial	LHIO Bislig	12/19/2023 to 12/19/2026	3,930,713.17
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
Sub-Total PRO CARAGA			65,838,963.56
GRAND TOTAL			2,026,913,981.85

14. Intangible Assets – Net

This account is composed of the following:

2025				
Cost	Computer Software	Website	Devt. In Progress – Computer Software	Total
Balance Beg.	739,138,018.21	31,940.00	47,651,497.20	786,821,455.41
Addition	-	-	-	-
Adjustments	-	-	-	-
Ending Balance	739,138,018.21	31,940.00	47,651,497.20	786,821,455.41
Accumulated Amortization				
Balance Beg.	319,255,876.45	-	-	319,255,876.45
Amortization	20,336,314.56	-	-	20,336,314.56
Balance	339,592,191.01	-	-	339,592,191.01
Accumulated Impairment Loss				
Balance	162,065,199.01	-	-	162,065,199.01
Carrying Amount	237,480,628.19	31,940.00	47,651,497.20	285,164,065.39
2024				
Cost	Computer Software	Website	Devt. In Progress – Computer Software	Total
Balance Beg.	533,377,358.78	31,940.00	47,651,497.20	581,060,795.98
Addition	206,149,742.93	-	-	206,149,742.93
Adjustments	(389,083.50)	-	-	(389,083.50)
Ending Balance	739,138,018.21	31,940.00	47,651,497.20	786,821,455.41
Accumulated Amortization				
Balance Beg.	266,695,531.72	-	-	266,695,531.72
Amortization	52,560,344.73	-	-	52,560,344.73
Adjustments	-	-	-	-
Balance	319,255,876.45	-	-	319,255,876.45
Accumulated Impairment Loss				
Balance	162,065,199.01	-	-	162,065,199.01
Carrying Amount	257,816,942.75	31,940.00	47,651,497.20	305,500,379.95

This account mainly pertains to various software applications/programs, the majority of which are licenses used, to fully utilize the capability of a software system to operate in a virtual environment. It includes computer development in progress – computer software which up to now is for customization.

From the total cost amount, intangibles with finite life is valued at P 440,020,504.17 while intangibles with indefinite life is at P299,149,454.04 of which are internally developed and

are being used in the operation amounting to P11,046,970.00 The balance is for development in progress - computer software amounting to P47,651,497.20

15. Other Non-Current Assets

This account is composed of the following:

	2025	2024
Advances for Operating Expenses	195,000.00	-
Advances to Special Disbursing Officers	295,747.01	1,615,160.00
Advances to Officers & Employees	4,913,770.70	335,952.43
Prepayments	23,901,435.26	37,733,181.21
Guaranty Deposits	155,840,079.28	150,994,992.64
Other Deposits	4,211,498.39	4,211,498.39
Sub-Total	189,357,530.64	194,890,784.67
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
Various Health Providers-DCS	700,555.65	700,555.65
Unserviceable Equipment	40,926,179.92	40,631,848.36
Serviceable Equipment	976,628.57	1,048,333.41
Receivable from NGAs	394,741,430.00	394,741,430.00
Receivable from LGUs	444,037,783.17	446,137,783.17
Total	1,036,944,920.56	1,038,822,293.84
Less: Allowance for Impairment	(992,220,484.28)	(994,320,484.28)
Sub-Total	44,724,436.28	44,501,809.56
Other Non-Current Assets, net	234,081,966.92	239,392,594.23

- 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 P295,747.01 and P1,615,160.00 as at March 31, 2025 and December 31, 2024, respectively. The amount represents the funds on hand from the said officers as of reporting date.
- 15.2.** Advances to Officers and Employees amounting to P4,913,770.70 and P335,952.43 as at March 31, 2025 and December 31, 2024, 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 P23,901,435.26 and P37,733,181.21 as at March 31, 2025 and December 31, 2024, respectively, represent authorized payments made for insurance of motor vehicles of the Corporation from the Government Service Insurance System (GSIS), prepaid rent, prepaid registrations and other prepayments.
- 15.4.** Guaranty Deposits amounting to P155,840,079.28 and P150,994,992.64 as at March 31, 2025 and December 31, 2024, 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.** Other Deposits amounting to P4,211,498.39 as at March 31, 2025 and December 31, 2024 pertains to advance deposit for office rental.
- 15.6.** Long Term Receivable from the DBM amounting to P155,235,240.00 as at March 31, 2025 and December 31, 2024 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.

- 15.7** Long Term Receivable from Philippine Deposit Insurance Corporation (PDIC) amounting to P327,103.25 as at March 31, 2025 and December 31, 2024 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 last March 10, 2023 as per directive of Audit Committee, no collection has been received. Nevertheless, PDIC has mention that we on the priority list for payment upon liquidation of assets.
- 15.8.** Debit/Credit Scheme (DCS) amounting to P700,555.65 as at March 31, 2025 and December 31, 2024 refer to the balance of advance payment to HCPs for the year 1999. Allowance for impairment of 700,555 was provided due to closure of the hospital facilities.
- 15.9.** Unserviceable Equipment account amounting to P40,926,179.92 and P40,631,848.36 as at March 31, 2025 and December 31, 2024, 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.
- 15.10.** Serviceable Equipment account amounting to P976,628.57 and P1,048,333.41 as at March 31, 2025 and December 31, 2024, 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.
- 15.11.** Receivable from NGAs amounting to P394,741,430.00 as at March 31, 2025 and December 31, 2024 represents deficiency in employer share of the Health Insurance Premium Contributions by different government agencies nationwide from CYs 2001 to 2008.
- 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, details as shown below:

	2025	2024
NCR	1,307,600.00	1,307,600.00
CAR	20,893,160.82	20,893,160.82
I	35,962,267.37	35,962,267.37
II	14,914,961.40	14,914,961.40
IV-A	14,124,485.00	14,124,485.00
IV-B	938,740.00	938,740.00
V	275,068,299.80	277,168,299.80
VIII	6,079,685.95	6,079,685.95
X	315,431.25	315,431.25
XI	13,036,340.54	13,036,340.54
CARAGA	59,480,259.00	59,480,259.00
BARMM	1,916,552.04	1,916,552.04
Carrying Amount	444,037,783.17	446,137,783.17

- 15.13.** Allowance for impairment was provided for the following uncollectible receivable accounts on the Corporation's policy on the setting up of allowance for doubtful or 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 impairment shall be updated at the end of the fiscal year.

	2025	2024
DBM (transfer of NHIP Program from GSIS to PHIC)	155,235,240.00	155,235,240.00
PDIC (per MB Reso. 459 dtd 04/07/2005)	327,103.25	327,103.25
PROs (from Various Health Providers-DCS)	700,555.15	700,555.15
Receivable from NGAs	394,741,430.00	394,741,430.00
Receivable from LGUs	441,216,155.88	443,316,155.88
Allowance for Impairment	992,220,484.28	994,320,484.28

16. Financial Liabilities

This account is composed of the following:

	2025	2024
Accounts Payable	719,121,681.22	1,304,127,476.67
Accrued Benefits Payable	36,765,583,276.13	35,026,580,520.37
Due to Officers and Employees	421,931,657.91	511,025,501.39
Operating Lease Payable	4,928,567.66	4,409,346.54
Other Financial Liabilities	15,000	15,000
Total	37,911,580,182.92	36,846,157,844.97

Below is the breakdown of the Accounts Payable:

	2025	2024
Personnel Services	28,162,953.67	28,162,953.67
M.O.O.E.	635,841,898.18	1,092,893,137.33
CAPEX	55,116,829.37	183,071,385.67
Total	719,121,681.22	1,304,127,476.67

- 16.1.** Accounts Payable – Personnel Services amounting to P28,162,953.67 as at March 31, 2025 and December 31, 2024, represent GSIS and PhilHealth premium which was part 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.

This shall be elevated to Executive Committee for resolution on how to treat the accounts payable that has long been outstanding.

- 16.2.** Accounts Payable – MOOE amounting to P635,841,898.18 and P1,092,893,137.33 as at March 31, 2025 and December 31, 2024, respectively, represent procurement of goods or services which are due for payment.
- 16.3.** Accounts Payable - CAPEX amounting to P55,116,829.37 and P183,071,385.67 as at March 31, 2025 and December 31, 2024, respectively, represent procurement of property and equipment which are due for payment.

- 16.4. Accrued Benefits Payable are accrued expenses from claims filed by members or HFs and received by the corporation but not yet processed and unpaid as at reporting period. Below is the breakdown of the Accrued Benefits Payable:

	2025	2024
Accrued Benefit Payable-Processed	8,828,617,423.01	4,270,910,897.24
Accrued Benefit Payable-Primary Care Benefit (PCB) Processed	1,741,915.00	1,741,915.00
Accrued Benefit Payable-Konsulta Processed	712,028,946.38	986,178,590.11
Accrued Benefit Payable- In-Course of Settlement (ICS)	26,923,769,300.25	28,546,696,519.38
ICS - in process	26,102,297,271.16	26,568,685,332.07
ICS-RTH	821,472,029.09	1,978,011,187.31
Accrued Benefit Payable- PCB	113,221,729.00	119,741,079.00
Accrued Benefit Payable- Konsulta	186,203,962.49	1,101,311,519.64
Total	36,765,583,276.13	35,026,580,520.37

- 16.5. Accrued Benefit Payable - Claims Processed amounting to P8,828,617,423.01 and P4,270,910,897.24 as at March 31, 2025 and December 31, 2024, respectively, represent benefit claims awaiting payment for the next crediting date. It also includes pending claims payment due to non-submission of official receipt from the HFs as well non-negotiated checks by the HFs as of reporting date.
- 16.6. Accrued Benefit Payable - Primary Care Benefit (PCB) processed amounting to P1,741,915.00 as at March 31, 2025 and December 31, 2024, respectively, represent PCB awaiting payment.
- 16.7. Accrued Benefit Payable – Konsulta processed amounting to P712,028,946.38 P986,178,590.11 represents benefit claims for Konsulta package awaiting payment as at March 31, 2025 and December 31, 2024, respectively.
- 16.8. Accrued Benefits Payable – ICS amounting to P26,923,769,300.25 and P28,546,696,519.38 as at March 31, 2025 and December 31, 2024, respectively, are estimated benefit claims still in process as of the reporting period. It includes ICS-RTH which are tagged within the allowable 60-day period within which to refile the RTH claims. The remaining prior year RTH claims were re-classified to Provision for Health Benefit - Incurred But Not yet Reported since these are all in the possession of the HFs and to conform with the total provision of Incurred But Not yet Paid (IBNP) per valuation report of the Actuary.
- 16.9. Accrued Benefits Payable – PCB amounting to P113,221,729.00 and P119,741,079.00 as at March 31, 2025 and December 31, 2024, respectively, are claims which are estimated to be outstanding as of report date.
- 16.10. Due to Officers and Employees amounting to P421,931,657.91 and P511,025,501.39 as at March 31, 2025 and December 31, 2024, 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 March 31, 2025, the remaining balance for WESA amounting to P95,756,730 are for retired and resigned employees.

- 16.11. Operating Lease Payable amounting to P4,928,567.66 and P4,409,346.54 as at March 31, 2025 and December 31, 2024, respectively, are for Rental expense with no contract but extended on a month to month basis and contract with 1 year or less term.
- 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:

	2025	2024
Due to BIR	375,572,525.27	243,710,395.97
Due to GSIS	58,113,355.35	79,052,536.39

	2025	2024
Due to Pag-ibig	5,876,354.93	6,736,784.75
Due to PhilHealth	13,135,194.01	14,354,964.80
Due to NGAs	29,883,914,749.43	29,883,914,749.43
Due to Government Corporations	427,443,702.63	427,443,702.63
Due to LGUs	350,361.12	727,585.39
Due to Treasurer of the Phil	23,244,099.00	29,534,289.25
Total	30,787,650,341.74	30,685,475,008.61

- 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 the interest income of the PHIE projects of the Department of Health for remittance amounting to P9,067 and the unutilized government subsidy amounting to P29,883,905,683 to be returned to the Bureau of Treasury. However, on October 29, 2024, the Supreme Court in Pimentel vs. House of Representative et.al petition issued a Temporary Restraining Order (TRO) enjoining the respondent including Philhealth from transferring the remaining 29.9 billion of Philhealth Fund Balance scheduled transfer to the Unprogrammed Appropriation effective immediately.
- 17.4.** Due to Government Corporations refer to accrual of UMID billing from GSIS and SSS as well as loan payment to National Home Mortgage Finance Corporation
- 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.
- 17.6.** Due to Treasurer of the Philippines are payables for auditing services.

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:

	2025	2024
UNFPA Project	38,500.62	38,452.92
Unclaimed Refund from Health Care Providers	312,921,450.86	312,862,692.81
AHP – Protest Bond	81,325,320.00	82,125,320.00
Donations	8,116,439.49	7,862,291.94
Bail Bonds /Guaranty/Security Deposit Payable	92,165,433.81	83,279,232.23
Global Development Project	2,000,857.01	1,986,538.03
Philippine Training Institute	6,461,076.48	6,793,310.42
Philippine Training Institute – NSSF	544,642.56	544,642.56
PhilHealth Run 2013	900.00	900.00
PhilHealth Run 2015	87,218.87	87,218.87

	2025	2024
Calamity Fund	80,771.96	80,767.99
PhilHealth Provident Fund	30,278,554.74	33,994,925.25
COVID-19 National Vaccine Indemnity Fund	522,022,465.48	522,114,111.74
LBP Electronic Salary Loan	84,677.04	103,222.62
Payment for Disallowance/Charges	389,766.56	389,766.56
Others	34,961,010.58	36,488,501.37
Total	1,091,479,086.06	1,088,751,895.31

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

	2025	2024
Westmont Investment Corporation	2,945,656.00	2,945,656.00
Strategies and Alliance Corporation	3,043,852.87	2,969,018.87
Land Bank of the Philippines	110,000.00	110,000.00
Donation received by PROs	2,016,930.62	1,837,617.48
Total	8,116,439.49	7,862,292.35

19. Provision for Health Benefits

Below is the composition of the Provision for Health Benefits.

	2025	2024
Provision for IBNR	79,451,543,994.48	70,901,587,244.43
Provision for Denied	3,687,375,944.10	3,566,244,404.00
Total	83,138,919,938.58	74,467,831,648.43

- 19.1. Provision for Health Benefits – Incurred But Not yet Reported (IBNR) amounted to P79,451,543,994.48 and P70,901,587,244.43 as at March 31, 2025 and December 31, 2024, respectively. These are claims which are actuarially estimated to be in the possession of the Health Care Institutions (HFs) 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. This also include Returned to Hospitals (RTH) claims which are still in the possession of the HFs and are yet to be refilled to PhilHealth.

The IBNR is computed as the balance after deducting the ICS and provision for denied claims from the actuarially estimated Incurred But Not yet Paid (IBNP), IBNP are total incurred claims yet to be paid by PhilHealth. The amount recorded includes, computation for claims handling and margin for adverse deviation (MfAD).

The balance of the Provision for CY 2025 and 2024 is shown below.

Provision for IBNR, December 31, 2024	70,901,587,244.43
Less: Claims paid applied to balance	24,919,894,019.32
Provision for IBNR, December 31, 2024, net	45,981,693,225.11
Add: Change in the Provision for CY 2025	33,469,850,769.37
Provision for IBNR, March 31, 2025	79,451,543,994.48
Provision for IBNR, December 31, 2023	54,994,635,343.08
Less: Claims paid applied to balance	16,588,865,500.78
IBNR, balance for 2023	38,405,769,842.30
Add: Change in the Provision for CY 2024	32,495,817,402.13
Provision for IBNR, December 31, 2024	70,901,587,244.43

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 lag time periods in which claims were incurred and the time periods in which they were paid. The development method uses these groupings to create a claims processing or lag development pattern, which is used to determine completion factors to help estimate the unpaid portion of incurred claims and come up with the ultimate value of claims. The paid claims are then subtracted from the ultimate value of claims by admission month to estimate the IBNP reserves.

The IBNP was estimated by admission month, and separately by covid and non-covid claims. The ultimate value of claims was estimated by admission months and subtracted the cumulative paid claim to arrive at the estimated IBNP claims.

19.2. Provision for Health Benefits - Denied Claims

The Provision for Health Benefits – Denied Claims amounted to P3,687,375,944.10 P3,566,244,404 as at March 31, 2025 and December 31, 2024, respectively. These are actuarial estimates of claims which are invalid and unworthy of payment due to an absolute deficiency. Nevertheless, a Motion for Reconsideration was still filed by erring health facilities hence, there is a probability of payment.

20. Other Payables

This account is composed of the following:

	2025	2024
Undistributed Collections	772,811,850.11	1,274,859,439.66
Due to Non-Government Organizations / Civil Society Organizations	433,329.17	433,329.17
Payable to Primary Care Provider Networks	86,568,942.92	86,568,942.92
Other Payable – Others	46,439,101.48	62,494,063.86
Total	906,253,223.68	1,424,355,775.61

- 20.1.** Undistributed Collections refer to the unidentified premium collections, remittances of ACAs and accreditation fees directly credited to PhilHealth bank accounts as of reporting period. Continuous efforts to identify and reconcile these collections or remittances is done through coordination with the servicing bank and or employers.
- 20.2.** Due to Non-Government Organization represents various reimbursement of PHIC Board of directors for meals and accommodation.
- 20.3.** Payable to Primary Care Provider Networks represents additional payment after liquidation of the front loaded capitation due to services provided to members which are over and above the initial target set.
- 20.4.** 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:

	2025	2024
Advance premium from Direct Contributors	180,616,714.45	234,991,372.34
Premium Contribution for NHTS enrollment (CY 2013 & 2014)	516,844,200.00	516,844,200.00
Accreditation Fees – ACAs	115,833.48	115,833.48
Accreditation Fees – HCPs	2,365,213.72	3,799,759.17
Sponsored – LGUs	13,032,427.24	13,032,427.24
Others	306,300.00	306,300.00
Total	713,280,688.89	769,089,892.23

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 P1,304,349,569.33 and P1,347,913,581.49 as at March 31, 2025 and December 31, 2024, respectively, are lease payable of the Corporation mostly office and warehouse rental ranging from 1 to 3 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, 12/31/2024	843,818,884.10
Less: Payments as of March 31, 2025	<u>(4,877,384.75)</u>
Ending Balance, 03/31/2025	<u>838,941,499.35</u>

The provision of P838,941,499.35 and P843,818,884.10 represents money value of the earned leave credits as of March 31, 2025 and December 31, 2024 of officers and employees of PhilHealth.

24. Provision for Insurance Contract Liability(ICL)

Provision for ICL is the estimate of the expected future claims payments to be incurred less expected premium contributions in relation to the liabilities that the Corporation is contractually obligated to pay to our members. It is computed as the expected net of present value of expenses (claims + expenses) and present value of collection plus margin for adverse deviation.

The actuarial valuation is based on PFRS 4 and projected / estimated by Actuary and was subjected to deliberation and approval of the PhilHealth Board.

Further, ICL are future liabilities and does not include incurred, filed or actual claims payable. Incurred/filed or actual claims payables are recorded and classified as Accrued Benefits Payable in Note 16.3 and Provisions for Health Benefit in Note 19 for claims already incurred but not yet reported to Philhealth.

The ICL is computed annually, hence, the provision recorded as at March 31, 2025 is the ending balance as at December 31, 2024.

The following are the Actuarial assumptions used in the computation of ICL for CY 2024 and 2023:

Requisite Information	Assumptions Used																									
	CY 2024	CY 2023																								
Valuation	Closed group valuation	Closed group valuation																								
Exposure	Registered Member Count as of Nov. 2024; with gross-up factors to the projected total population in 2024 (allocated to Sex, Sector, Age)	Projected Count as of December 2023 based on Registered Members Count as of Aug. 2023 (allocated to Sex, Sector, Age)																								
Mortality rates	Graduated rates & age-last-birthday per 2017 PICM	Graduated rates & age-last-birthday per 2017 PICM																								
Morbidity rates	On-Level (based on 2020-2024)	On-Level (based 2019-2023)																								
Discount rates	IC 2024 Spot Rates	IC 2023 Spot Rates																								
Inflation rate/Increase in Benefit Payout (Medical Trend)	Medical trends from 2025-2030 are based on the increases in benefit enhancements: 2025=92.73%, 2026=45.63%, 2027=21.83%, 2028=21.24%, 2029=16.20%, 2030=15.41% Then, 6.5% per year in anticipated starting 2031.	3.2% - Historical Trend (Medical Trend & PCB Trend)																								
Salary increase rate	3.7%	4.4%																								
On premium increase	Premium as stated in RA 11223	Premium as stated in RA 11223																								
National Government Subsidy	P195B-CY2026 and P100B-CY 2027 and onwards	P61.5B annually as appropriated in GAA for FY 2024																								
On benefits	<table border="1"> <thead> <tr> <th>Year</th> <th>Adj Rate</th> <th>Year</th> <th>Adj</th> </tr> </thead> <tbody> <tr> <td>2025-</td> <td>21.0%</td> <td>2030-</td> <td>39.1%</td> </tr> <tr> <td>2026-</td> <td>26.4%</td> <td>2031-</td> <td>40.1%</td> </tr> <tr> <td>2027-</td> <td>31.1%</td> <td>2032-</td> <td>41.2%</td> </tr> <tr> <td>2028-</td> <td>34.9%</td> <td>2033-</td> <td>42.3%</td> </tr> <tr> <td>2029-</td> <td>38.8%</td> <td>2034-2044</td> <td>43.4%</td> </tr> </tbody> </table>	Year	Adj Rate	Year	Adj	2025-	21.0%	2030-	39.1%	2026-	26.4%	2031-	40.1%	2027-	31.1%	2032-	41.2%	2028-	34.9%	2033-	42.3%	2029-	38.8%	2034-2044	43.4%	KONSULTA gradually transitioning to Comprehensive OPB
Year	Adj Rate	Year	Adj																							
2025-	21.0%	2030-	39.1%																							
2026-	26.4%	2031-	40.1%																							
2027-	31.1%	2032-	41.2%																							
2028-	34.9%	2033-	42.3%																							
2029-	38.8%	2034-2044	43.4%																							
Average PCB Cost	PCB Package = P 1,700 Initial FPE (40%) – 100% utilization Follow up (60%) – 50% utilization Ave. PCB = 70% of P 1,700 = P 1,190	Php 587 per member																								
Operating expense	Loss-Adjustment Ratio (LAE) 3.75% unpadded 3.45% MfAD 0.30% LAE = 20% PS + 80% MOOE + 100% Non-Cash; and further based on 3-year average.	5.0% (Expense Loading)																								
Age at Retirement	63 for Government & Private; 60 for IPP and OFF	60																								

Requisite Information	Assumptions Used	
	CY 2024	CY 2023
Collection Efficiency	Increasing collection in: Private Sector, IPP and OFP with 10% inc. in year 1, 20% inc. in year 2, and 30% inc. in collection in year 3 onwards	Gradual increase to 100% by 2026 for private sector
Frequency	Historical Indication	Historical Indication
Severity	Historical Indication	Historical Indication

Assumptions	Particulars	
	CY 2024	CY 2023
Include GAA	No subsidy in 2025; P20B from PAGCOR and P80B for IC in the succeeding years	Includes the government subsidy of 61.5B in the inflows
Lifespan	2017 Phil. Intercompany Mortality Study by Life Insurance Committee of the Actuarial Society of the Philippines.	2017 Phil. Intercompany Mortality Study by Life Insurance Committee of the Actuarial Society of the Philippines.
Margin for Adverse Deviation (MfAD)	0.30% to reflect the degree of uncertainty of the best estimate assumption of Net ICL.	10% to reflect the degree of uncertainty of the best estimate assumption of Net ICL.

Following the assumptions aforementioned, the ICL as approved by the Board of Directors to be recorded for CY2024 and 2023 are as follows:

Actuarial Estimates	2024	2023
Discounted Outflows	6,590,029,780,213	5,564,470,507,002
Discounted Inflows	5,417,015,507,496	4,519,328,789,724
Net ICL	1,173,014,272,717	1,045,142,217,278
MfAD	233,901,600,592	104,514,221,728
Net ICL including MfAD	1,406,915,873,309	1,149,656,439,006

Actuarial Estimates	2024	2023
Discounted Outflows	6,590,029,780,213	5,564,470,507,002
Discounted Inflows	5,417,015,507,496	4,519,328,789,724
Net ICL	1,173,014,272,717	1,045,142,217,278
MfAD	233,901,600,592	104,514,221,728
ICL, end of the year	1,406,915,873,309	1,149,656,439,006
ICL, beginning of the year	1,149,656,439,006	266,873,312,531
Change in ICL	257,259,434,303	882,783,126,475

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 P1,406,915,873,309. The increase by P257,259,434,303 is recognized as Other Losses to be consistent on the recommendation by COA-GAS to take up the Increase as Other Losses in compliance to PAS 8, change in accounting estimates.

We note of the following limitation of the estimates:

The determination of the actual numbers of the Indirect Contributors that the National Government needs to support through premium subsidies. To address

this concern, PhilHealth is coordinating with the Department of Social Welfare and Development (DSWD) and the Philippine Statistics Office (PSO);

The supply-side constraints of the health sector in the Philippines, such as the availability of health care facilities, medical equipment and health care professionals, will have a significant impact on the ability of members to avail of the existing and future benefit packages of the Corporation. These constraints might lead to lower benefit expenses in the future than what is currently estimated;

On the level of Government support to the Corporation in the future, Section 58 of RA 7875 explicitly states that the National Government guarantees the financial viability of the National Health Insurance Program. Moreover, Section 37 of RA 11223 allows for DOH, in coordination with PhilHealth to request for supplemental funding from Congress in order to achieve the objectives of universal health care. These legal provisions might lead to higher government support, subsidies or otherwise, than what is currently estimated;

The Corporation is also in discussions with the Philippine Interpretations Committee (PIC) to craft a more appropriate ICL measure considering the special character of PhilHealth and the provisions of the UHC Act, such as the two-year expenditure ceiling on the reserve levels.

25. Members' Equity

This account is composed of the following:

	Mar-2025	March-2024	Dec-2024
Retained Earnings/(deficit) at Jan 1	149,581,636,899.81		-
Net Income before change in ICL	(17,902,367,526.63)	21,394,985,997.74	64,303,869,318.57
Interest income from reserve fund			(13,347,414,223.00)
Prior year adjustments	1,233,360,843.01	1,473,770,905.47	4,797,008,943.00
Total Retained Earnings/(Deficit)	132,912,630,216.19	22,868,756,903.21	55,753,464,038.57
Retained Earnings transferred to reserves		(22,868,756,903.21)	
Surplus of the two year projected Expenditures			183,712,078,544.24
Remittance to BTR in compliance to DOF Cir. No. 003-2024 and Section XLIII of GAA			(89,883,905,683.00)
Retained Earnings/(Deficit) at December 31	132,912,630,216.19	-	149,581,636,899.81
Reserve Fund			
Accumulated Revenue at January 1	280,574,913,605.20	464,286,992,149.44	464,286,992,149.44
Retained Earnings transferred to reserves		22,868,756,903.21	
Surplus of the two year projected expenditures			(183,712,078,544.24)
Reserve Fund at December 31	280,574,913,605.20	487,155,749,052.65	280,574,913,605.20
Interest Income from Reserve Fund	13,347,414,223.00	-	13,347,414,223.00
Provision for insurance contract liabilities (ICL)	(1,385,253,256,573.32)	(1,127,993,822,270.32)	(1,385,253,256,573.32)
TOTAL MEMBERS' EQUITY	(958,418,298,528.93)	(640,838,073,217.67)	(941,749,291,845.31)

- 25.1. Reserve fund is recorded in compliance with Office Order No. 0145, s. of 2012 and based on the provisions of Section 11 of R.A 11223 or the Universal Health Care Act, which states that PhilHealth shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserve funds: *Provided*, That the total

amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two (2) years' projected Program expenditures.

For CY 2024, the amount of the two years' projected Program expenditure is at P 280.6 billion as computed by the Department of Finance and in compliance to the Special Provision 1(d), XLIII of the Republic Act No. 11975 or General Appropriations Act (GAA) for FY 2024:

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 and to decrease the amount of member's contributions.

Any unused portion of the reserve fund that is not needed to meet the current expenditure obligations or support the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be referred to as the Investment Reserve Fund.

The surplus of the two-year projected expenditures of 183.7 billion from the beginning balance of the reserve of P464.3 billion was transferred to the Retained Earnings account to conform with the computation of the reserve fund of 280.6 billion for CY 2024.

25.2. Interest income from reserve fund (excess actual reserves) amounting to P13,347,414,223 represent income earned from investing the reserve fund to comply with Section 11 of R.A. 11223 which state that "No portion of the reserve fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government-owned or controlled corporations".

25.3. Retained Earnings represent the cumulative results of normal and continuous operations of a Commercial Public Sector Entity including prior period, effects of changes in accounting policy and error other capital adjustments. This may also include funds set aside for various purposes in accordance with existing laws, rules and regulations. The Retained Earnings account amounted to P132,912,630,216.19 as at March 2025 and P149,581,636,899.81 in December 2024.

Excluded in the Retained Earnings is the interest income from the reserve fund amounting to 13.35 billion for CY 2024.

25.4. The difference from the ICL amount in the liability account amounting to P21,662,616,735.68 pertains to Lifetime Members reserves previously set up before providing reserves for all other members.

25.5. The resultant negative figure for the Members' Equity amounting to P958,418,298,528.93 for Q1 2025 and P941,749,291,845.31 in December 2024 is the net effect of change in accounting estimate in performing the adequacy test as required by PFRS 4.

The Management believes that resulting significant increases in liabilities and net deficit for Members' Equity in CY 2025 and 2024 will not affect Philhealth's ability to continue as a going concern. Further, the management is constantly monitoring the liquidity by assessing/projecting cash flows to ensure that liabilities are paid when they fall due. In addition, Section 59, of the Revised Implementing Rules and Regulations of the National Insurance Act of 2013 provides for Government Guarantee: By virtue of the sovereign guarantee provision, the Government of the Philippines guarantees the financial viability of the Program.

26. Premium Contributions

This account is composed of the following:

	2025	2024
Direct Contributors	51,152,241,444.73	43,262,773,943.03
Indirect Contributors	372,487.10	10,082,906,750.65
Total	51,152,613,931.83	53,345,680,693.68

26.1. Below is the breakdown of the Direct Contributors:

	2025	2024
Government	12,697,270,635.34	10,738,911,594.76
Private	36,210,859,689.11	29,882,514,667.44
Kasambahay	30,393,076.66	31,561,408.79
Family Driver	15,069.48	13,560.00
Migrant Worker - Land Based	43,531,603.74	61,157,668.16
Migrant Worker - Sea Based	1,149.35	90,875.00
Filipino with Dual Citizenship/Living Abroad	1,110,468.55	303,986.80
Women about to give birth	-*	20,475.00
Professional Practitioner	33,956,934.80	31,957,592.42
Self-Earning Individual	1,835,071,136.84	2,192,324,234.48
Self-Earning Individual - Sole Proprietor	2,508,438.79	1,255,664.21
Self-Earning Individual - Group Enrollment	284,858,311.26	311,544,689.88
Foreign National	12,418,697.81	10,734,575.94
Others	246,233.00	382,950.15
Total	51,152,241,444.73	43,262,773,943.03

*No collection/payment was recorded as at March 31, 2025.

Below is the breakdown of the Indirect Contributors:

	2025	2024
Indigent - NHTS	-	4,506,705,822.00
Senior Citizens	-	5,486,599,623.00
PAMANA	-	11,805,000.00
Sponsored	372,487.10	77,796,305.65
Total	372,487.10	10,082,906,750.65

The General Appropriations Act FY 2025 was signed into law on December 30, 2024 and no appropriation was made for the subsidy for Philhealth Indirect Contributors.

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, Senior Citizen, Persons with Disability (PWD) and Point of Service (POS) as appropriated in the General Appropriations Act (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.

27. Interest and Other Income

This account is composed of the following:

	2025	2024
Interest Income	6,296,248,764.49	6,349,750,602.92
Other Income	92,210,918.16	47,734,914.05
Total	6,388,459,682.65	6,397,485,516.97

27.1. Below is the breakdown of the Interest Income:

	2025	2024
Investment Securities at Amortized Cost	4,825,008,854.31	4,110,407,493.96
Special Savings Deposit	576,233,200.06	451,637,017.80
Investment in Time Deposit	894,595,626.25	1,787,235,334.63
Savings & Current Deposits	411,083.87	470,756.53
Total	6,296,248,764.49	6,349,750,602.92

27.2. Below is the breakdown of the Other Income:

	2025	2024
Accreditation Fees	6,227,045.45	6,352,462.23
Fines & Penalties	44,228,735.39	33,342,374.77
Gain (Loss) on Foreign Exchange	11,057.33	45,900.49
Gain on Sale of Property, Plant & Equipment	45,868.70	4,800.00
Gain on Sale of Unserviceable Property	-	178,028.00
Reversal of Impairment loss	26,683,928.84	32,325.78
Miscellaneous Income	15,014,282.45	7,779,022.78
Total	92,210,918.16	47,734,914.05

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

Miscellaneous Income consists of proceeds from disposal of unserviceable properties, sale of valueless records and forfeited performance security, among others.

28. Benefit Claim Expenses

Benefit Claims Expenses for 2025 and 2024 are recognized at the time of admission.

This account is composed of the following:

	2025	2024
Members' Benefits for Direct Contributors	37,874,984,489.54	25,204,819,996.88
Members' Benefits for Indirect Contributors	33,580,796,624.48	11,504,493,715.16
KONSULTA	2,009,132,882.31	17,596,816.58
Total	73,464,913,996.33	36,726,910,528.62

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

	2025	2024
Government	13,206,146,849.19	5,213,083,251.89
Private	12,764,480,188.31	12,474,840,839.46
Kasambahay	21,839,019.55	(35,423,349.61)
Family Driver	136,562.92	(58,526,236.61)
Migrant Worker - Land Based	1,057,009,578.76	1,042,180,324.75
Migrant Worker - Sea Based	192,185,923.77	(1,521,596,526.07)
Filipino with Dual Citizenship/Living Abroad	1,656,396.69	(262,683.11)
Professional Practitioner	6,779,181.83	(362,638,951.14)
Self-Earning Individual - New	10,593,481,800.09	9,758,802,462.93
Self-Earning Individual - Sole Proprietor	9,774,049.65	(13,842,953.32)
Self-Earning Individual - Group Enrollment	461,087,701.46	(501,686,716.56)
Foreign National	11,105,017.89	(219,214,543.70)
Lifetime Members	(479,545,510.76)	887,830,142.35
Others	28,847,730.19	(1,458,725,064.38)
Total	37,874,984,489.54	25,204,819,996.88

The negative balances is brought about by the change in estimate in the Incurred But Not yet Reported (IBNR) which are taken up currently in compliance with Philippine Accounting Standard (PAS) 8.

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

	2025	2024
Indigent - NHTS	9,575,669,235.03	10,170,801,939.61
Senior Citizens	12,093,118,024.30	5,335,095,428.20
Sponsored	11,912,009,365.15	(4,001,403,652.65)
Total	33,580,796,624.48	11,504,493,715.16

29. Personnel Services

This account is composed of the following:

	2025	2024
Salaries & Wages	645,288,327.92	615,335,560.46
Other Compensation	368,770,201.73	296,360,630.10
Statutory Contributions	148,810,888.66	116,134,299.96
Other Personnel Services	57,582.89	3,136,005.43
Total	1,162,927,001.20	1,030,966,495.95

30. Other Operating Expenses

This account is composed of the following:

	2025	2024
Maintenance and Other Operating Expenses	623,331,035.90	476,266,308.90
Financial Expenses	10,900,797.03	5,495,587.70
Non-Cash Expenses Before Change in ICL	181,368,310.65	108,541,291.74
Total	815,600,143.58	590,303,188.34

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:

	2025	2024
Traveling Expenses	25,273,403.55	18,134,193.05
Training and Scholarship Expenses	3,035,414.90	2,520,025.19
Supplies and Materials Expenses	54,140,304.09	29,627,094.53
Semi-Expendable Expenses	49,315,542.04	13,603,090.67
Water Expenses	2,554,478.39	2,152,203.25
Electricity Expenses	33,988,069.27	30,955,349.34
Communication Expenses	7,269,525.18	21,813,226.68
Awards / Rewards, Prizes and Indemnities	1,405,900.00	1,089,337.30
Research, Exploration and Dev't Exp.	2,052,988.00	2,078,908.00
Confidential, Intelligence and Extraordinary Exp.	1,124,437.27	1,234,786.50
Auditing Services	14,648,047.26	6,579,875.99
Consultancy Services	-	150,000.00
Other Professional Services	180,079,401.73	141,757,736.13
Janitorial Services	22,267,796.54	18,029,222.28
Security Services	45,831,803.05	39,895,921.80
Repairs & Maintenance	2,511,846.70	3,014,326.42
Taxes, Duties and Licenses	297,191.42	292,559.27
Fidelity Bond and Insurance Expenses	13,149,344.53	7,531,634.58
Advertising Expenses	3,456,440.68	1,018,597.32
Marketing and Promotional Expenses	15,070,640.30	10,006,317.25
Printing and Publication Expenses	3,187,820.65	1,205,654.00
Representation Expenses	15,371,765.93	11,161,562.13
Transportation and Delivery Expenses	141,912.53	161,843.98
Rent / Lease Expenses	92,771,635.40	95,045,653.76
Membership Dues and Contr. to Org.	2,220,503.67	2,413,899.08
Subscription Expenses	17,637,019.24	1,379,637.82
Donations	48,222.00	39,500.00
Major Events Expenses	1,399,218.50	4,260,682.17

Other MOOE - Others	13,080,363.08	9,113,470.41
Total	623,331,035.90	476,266,308.90

30.2. Below is the breakdown of the Financial Expenses:

	2025	2024
Interest Expenses	9,412,651.61	2,267,308.21
Bank Charges	12,785.42	9,577.76
Other Financial Charges	1,475,360.00	3,218,701.73
Total	10,900,797.03	5,495,587.70

Interest Expenses includes the effect of applying PFRS 16.

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

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

	2025	2024
Depreciation	130,631,009.88	102,125,145.74
Land Improvements	25,744.83	-
Power Supply System	7,272.61	7,272.61
Buildings and Other Structures	489,556.80	349,853.55
Machinery and Equipment	30,133,838.19	32,817,233.16
Furniture, Fixtures and Books	815,969.81	1,116,884.34
Transportation Equipment	8,090,951.52	9,047,586.74
Leased Assets Improvements	6,077,040.34	3,575,580.42
Right-of-Use Assets	84,990,635.78	55,210,734.92
Amortization - Intangible Assets	20,336,314.56	1,329,863.42
Impairment Loss	30,240,114.29	3,094,562.88
Other Receivables	25,465,978.68	-
Financial Assets held to maturity	312,023.11	3,094,562.88
Other Assets	4,462,112.50	-
Losses	160,871.92	1,991,719.70
Loss on sale of property and equipment	-	1,842,768.43
Loss on FOREX	31,158.27	23,195.87
Loss of Assets	-	56,287.49
Loss on Sale of Assets	129,713.65	69,467.91
Total	181,368,310.65	108,541,291.74

31. Related Party Disclosures

Compensation of key management personnel.

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

The aggregate compensation of the executive officers for January to March CYs 2025 and 2024 is as follows:

	2025	2024
Salaries and wages	12,442,102.85	13,782,190.96
Terminal benefits	-	-
Total	12,442,102.85	13,782,190.96

The BODs for CYs 2025 and 2024 received the following:

	2025	2024
Honorarium/per diem	2,360,000.00	2,240,000.00
Total	2,360,000.00	2,240,000.00

32. Other Significant and Relevant Information

- 32.1. On February 10, 2025, Philhealth requested the guidance and legal opinion of the Office of the Government Corporate Counsel (OGCC) on whether Philhealth falls under the regulatory purview of the IC. It stemmed after the meeting with key officials from the Commission on Audit (COA), Insurance Commission (IC), Department of Finance (DOF) and the Department of Health (DOH) regarding on matters related to recording of Insurance Contract Liabilities (ICL) in the Financial Statements (FS). Further, there is on-going discussion with COA-Government Accounting Sector, DOF, DOH and Philhealth on the appropriateness of taking up ICL in the FS for submission to COA and for general purpose.

In response to the Corporation's request for guidance on the regulatory function of IC over Philhealth, the OGCC, in its letter dated April 24, 2025 stated, to wit:

"Section 189, of the Insurance Code states that " all companies regulated by the Insurance Commission is required to comply with the financial reporting frameworks adopted by the Commission for purposes of creating the statutory financial reports and the annual statements to be submitted to it unless otherwise required by law"

The IC, in its Circular Letter 2022-14 dated March 14, 2022, also recognized the regulatory powers of the Commission on Audit (COA) in terms of the financial reporting framework to be followed by Government Insurance Institutions (GIIs). The Circular clarified that GIIs shall apply the financial reporting framework issued by COA in preparing their general purpose financial statements. Such statements, as audited by COA, shall then be the bases for the preparation of Audit Statements to be examined by the IC.

In this regard, this office is of the position that the mandate and functions of Philhealth under the National Health Insurance Act (NHIA) and the Universal Health Care Act (UHCA) exclude it from the regulatory jurisdiction of the IC."

Albeit, PhilHealth shall provide financial information as required by the Insurance Commission (IC).

- 32.2. By virtue of Special Provision 1(d), XLIII of the Republic Act No. 11975 or General Appropriations Act (GAA) for FY 2024 which directs the Department of Finance (DOF) to issue guidelines to implement the collection of Unprogrammed Appropriation sourced from the "[F]und balance of the GOCC from any remainder resulting from the review and reduction of their reserve funds to reasonable levels taking into account the disbursement

from prior years, the DOF issued DC No. 003-2024 dated Feb. 27, 2024 mandating all GOCCs (including PhilHealth) to return its excess reserves.

As such, the following events and actions of the Management were made in order to comply with the aforementioned directive:

- PhilHealth sought for legal opinion from the Office of the Government Corporate Counsel (OGCC) and the Governance Commission for GOCCs (GCG) on the applicability of the Special Provision 1(d), XLIII of the GAA to PhilHealth in the light of the provisions on Reserve Fund under RA 7875 (NHIP) and the RA 11223 or the UHC Act. In addition, PhilHealth also sought guidance from the Commission of Audit (COA) on the accounting treatment of the supposed remittance.
- On April 16, 2024, PhilHealth received OGCC opinion No. 055, s. 2024 dated April 11, 2024 expressing that the remittance to the BTr of the Fund Balance would not violate the Universal Health Care Act (UHCA) as the amount remitted is understood not to constitute a portion of the Reserve Fund. They concluded that it would be proper and prudent for PhilHealth to abide by the DOF Circular which implements Section XLIII (1)(d) of the GAA.
- On April 25, 2024, PhilHealth received DOF letter dated April 24, 2024 directing PhilHealth to remit the 89.9 billion pesos the Bureau of Treasury (BTR) within 15 calendar days from receipt of their notice. The collection of fund was approved during the Cabinet meeting on April 3, 2024. The table below shows how the 89.9 billion was computed by the DOF, to wit:

Government Subsidy VS Utilization						
	2023	2022	2021	2020	2019	2018
Premium for Indirect Contributions	78.8	80.1	80.2	63.4	69.4	59.7
Member Benefit for Indirect Contributors	40.0	56.1	53.1	64.1	70.5	58
Net Flow	38.8	24.0	27.1	-0.7	-1.1	1.7

89.9 Billion

- On May 2, 2024 the Governance Commission for Government Owned or Controlled Corporation (GCG) issued its opinion, stating that they defer to the expertise of the DOF, being the agency mandated by law to implement Special Provision 1(d), XLIII of the 2024 GAA.
- Based on the DOF computation, it was determined that the 2-year requirement constituting the Reserve Fund is equivalent to P280.6 billion. After considering the new computation, a reduction of 183.1 billion of the reserve fund (463.7-280.6) and shall be transferred to the Retained Earnings Account.
- Hence, on May 8, 2024, after ensuring that there is fund balance to comply with the DOF directive, the Management sought for the Board approval on the transfer of government subsidy amounting to 89.9 billion for premium contribution (CY 2021-2023) that are more than the benefit expenses of indirect contributors. This was then approved by the Board upon confirmation from Management that the said unutilized subsidies does not include PhilHealth premium contribution from direct contributors.

- The releases shall be synchronized with investment maturities to avoid pretermination fees. Hence, on May 10, 2024, the Execom approved the schedule of remittance of the 89.9 Billion to the Bureau of Treasury as follows:

1st tranche : May 10, 2024 – 20 billion

2nd tranche: August 21, 2024 – 10 billion

3rd tranche: October 16, 2024 – 30 billion

4th tranche : March 31, 2025 – 29.9 billion

On October 29, 2024, the Supreme Court in Pimentel vs. House of Representative et.al petition issued a Temporary Restraining Order (TRO) enjoining the respondent including Philhealth from transferring the remaining 29.9 billion of PhilHealth Fund Balance scheduled transfer to the Unprogrammed Appropriation effective immediately.

On February 4, 2025, and March 4, 2025, April 2-4, 2025, Oral Argument was conducted on the petition filed on the transfer of 89.9 billion to the Bureau of Treasury. To date, decision is yet to be issued on the petition.

32.3. The General Appropriations Act FY 2025 was signed into law on December 30, 2024 and no appropriation was made for the subsidy for Philhealth Indirect Contributors. Despite of the absence of appropriation, the management believes that we have sufficient reserve and surplus to pay for the benefit claims as they fall due. Further, as provided for in the R.A. 11223, section 37, the DOH, in coordination with Philhealth may request congress to appropriate supplemental funding to ensure the success of the program.

32.4. As provided for in chapter IX section 37 of the R.A. 11223, fifty percent (50%) of the National Government share from the income of the Philippine Amusement Gaming Corporation (PAGCOR) as provided for in Presidential Decree No. 1869, as amended: Provided, That the funds raised for this purpose shall be transferred to PhilHealth at the end of each quarter subject to the usual budgeting, accounting and auditing rules and regulations: Provided, further, That the funds shall be used by PhilHealth to improve its benefit packages and Forty percent (40%) of the Charity Fund, net of Documentary Stamp Tax Payments, and mandatory contributions of the Philippine Charity Sweepstakes Office (PCSO) as provided for in Republic Act No. 1169, as amended: Provided, That the funds raised for this purpose shall be transferred to PhilHealth at the end of each quarter subject to the usual budgeting, accounting, and auditing rules and regulations: Provided, further, That the funds shall be used by PhilHealth to improve its benefit packages.

As of the reporting date, SARO-BMB-C-24-0019112 dated December 17, 2024 amounting P21,170,000,000 and SARO-BMB-C-23-0026482 dated December 5, 2023 amounting to P21,170,000,000 for the improvement of benefit packages were released/issued. However, the Notices of Cash Allocation (NCA) have yet to be issued.

32.5. Identified Strategies and Cybersecurity Action Plans to mitigate risk arising from the “Medusa” ransomware attack.

As the Corporation recognizes the critical importance of robust security measures to enhance its resilience against evolving threats (e.g. Medusa ransomware), proactive measures shall be undertaken to enhance our security posture. As such, we need to manage and reduce the risk to our cyber and physical infrastructure through the implementation of the following identified strategies and cybersecurity action plans:

32.5.1. Cyber Security Projects

In exigency of service after the discovery of the incident, a Corporate Personnel Order was issued, creating a Project Management Team for Cyber Security (PMT – CS), headed by and composed of existing personnel from InfoSec.

To bolster the Corporation's cyber security posture, the InfoSec prepared and processed the engagement and/or procurement of the following security solutions and projects:

1. Database Security Suite. This solution ensures the security of the production database through transparent data encryption. As backgrounder, the said project "safeguard[s] the Corporation's data from unauthorized access, use, disclosure, disruption, modification, perusal, inspection, recording or destruction, even from privileged users, that is 100% compatible with existing systems and database. This means that the Corporation will be assured that problems due to error/s in the existing database encryption software will be corrected due to updated software including patches, upgrades and remote services." The said project was initially processed last 2023, and finally implemented this April 2024.

2. Vulnerability Assessment and Penetration Testing (VAPT). The VAPT is one of the most reliable methods for performing "Risk Assessment" in accordance with globally accepted Security Standards and best practices, which requires the expertise of a third party to do an independent assessment of PhilHealth's security posture by undertaking technical reviews such as Penetration Testing (PT) and Vulnerability Assessment (VA). In a more plain language, VAPT is best described as "a proactive "hacking" activity in which [the organization] hack[s] [their] [own] infrastructure before hackers come looking for loopholes." Hence, this project has the end goal of gaining better understanding of potential threats and vulnerabilities, identify existing inherent and potential risks and vulnerabilities, evaluate the existing security measures and validate the effectiveness and efficiency of existing defenses. The documents pertaining to this project were already endorsed to the SBAC for procurement.

3. Managed Security Operations Center (MSOC). A managed service, which aims to have a better visibility on PhilHealth's cyber security posture by providing real-time monitoring. The same was already presented before the IT Governance Committee. Further, in a memorandum dated 15 March 2024 to the IPPSD-ITMD, this Office already requested the inclusion of the said project to the Information System Strategic Plan (ISSP) for CY 2024-2026 of the Corporation. In their response, the IPPSD-ITMD required the submission of a copy of the Secretary Certificate, the same was already coordinated with the Corporate Secretary.

These projects will redound to the cyber security posture of the Corporation. The Cybersecurity Action Plan will be further developed and calibrated to the status and needs of PhilHealth in view of the engagement of the Cyber Security consultant.

32.5.2. Compliance to the Statutory Requirement i.e. Data Privacy Act and related issuance

For being the designated organic office to provide support to the Data Protection Officer, InfoSec immediately complied with the statutory requirement prescribed by the Data Privacy Act (DPA) and its related issuance, along with the directives of the National Privacy Commission. This includes submission of reports, notification to the Commission, and other similar activities.

32.5.3. Capacitating PhilHealth Personnel and Officials through the Security Education Training Awareness (SETA) Program

It is indisputable that the human component is the weakest link in the information security and cybersecurity chain. To remediate the same, it is incumbent for the Corporation to bolster its human firewall by capacitating its employees. In view thereof, InfoSec initiated a set of activities covered by the Corporate Personnel Order (CPO), authorizing its personnel to conduct activities that promote information security and data privacy and protection awareness in several regional offices and LHIOs.

32.5.4. Philhealth cyber and physical infrastructure is proactively protected and secured through the following:

- Maintaining an updated Inventory of Enterprise and Software Assets
- Strengthen Data Protection through developing processes and technical controls to identify, classify, securely handle, retain, and dispose data. Encrypt data on end-user devices containing sensitive data, on removable media, in transit, and at rest.
- Secure configuration of assets and software
- Improve Account Management by conducting periodic audits
- Improve Access Control Management
- Strengthen Audit Log Management through log collection and analysis to detect malicious activity quickly.
- Strengthen Malware Defenses
- Improve Network and Infrastructure Management
- Improve Network Monitoring and Defense
- Improve Service Provider Management
- Improve Application Software Security
- Adoption of National Security-and-Privacy-by-Design Framework
- Improve Physical and Environmental Security
- Risk Management
- Adoption and implementation of the Six-stage Cybersecurity Incident Response Model and
- Business Continuity and Disaster Recovery program -this will be further developed and calibrated to the status and needs of Philhealth in view of the engagement of the Cybersecurity consultant to be implemented immediately.

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

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

32.7. POS Program

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

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

SARO No.	Amount of SARO	Amount received from DBM as of March 31, 2025
SARO-BMB-C-17-0023166	91,333,530.00	91,333,530.00
SARO-BMB-C-17-0025119	103,350,096.00	103,350,096.00
SARO-BMB-C-17-0025794	2,805,316,374.00	1,196,668,091.00
	3,000,000,000.00	1,391,351,717.00

32.8. PhilHealth Supplemental Benefits

On December 28, 2018, the Department of Budget and Management issued SARO No. SARO-BMB-C-18-0035076 amounting to eight billion five hundred ninety-seven million four hundred seventy-five thousand seven hundred seventy-six pesos (P8,597,475,776) which include the locally funded project "PhilHealth Supplemental Benefits" for all government employees of the Executive Branch amounting to P3,500,000,000. No NCA received yet for the P3,500,000.00 as of March 31, 2025.

32.9. 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 P875.00 per month as the maximum contribution shared equally by the Employer and the Employee at P437.50 each. However, DBM had allocated 312.50 only or a 40% deficiency. The Corporation consequently billed the Department of Budget and Management of the estimated NG Employer premium differential and requested the allocation of the unappropriated balances in the following periods:

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

32.10. 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 P 2,520,000 in the financial statements.

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

The GSIS premium amounting to P20,604,585.00 was part and parcel of the salary adjustments given to PhilHealth employees but subsequently disallowed by COA. The said amount is still outstanding and not yet remitted to GSIS 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.

32.12. Contingent Liability

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

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

32.13. Contingent Assets

Contingent assets are possible assets whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events that are not wholly within the control of the entity. Contingent assets are not recognised, but they are disclosed when it is more likely than not that an inflow of benefits will occur.

Under contingent assets are legal cases filed by Philhealth against erring HCPs and employers which are more likely than not that an inflow of benefit will occur amounting to P228,460,996 It also include notice of disallowances issued by the Commission on Audit which are on appeal with the Supreme Court amounting to P7,142,820,726.

Number and amount of Outstanding Legal Cases Filed by PhilHealth

	No. of Cases	Amount
Complaints Against		
Employers	379	114,714,867
Health Care Professionals (HCPs)	2,572	113,746,129
Total	2,951	P228,460,996

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

HEAD OFFICE							
Complaints Against	Settled	Probable	Possible	Remote	Virtually Certain	Total	

HCPs		53,052,377	27,510,173			80,562,550
Total	-	53,052,377	27,510,173	-	-	80,562,550

NCR

Complaints Against	Settled	Probable	Possible	Remote	Virtually Certain	Total
Employers		354,140		22,014,622	7,778,509	30,147,271
HCPs			1,143,198	293,800		1,436,998
Total	-	354,140	1,143,198	22,308,422	7,778,509	31,584,269

PRO II

Complaints Against	Settled	Probable	Possible	Remote	Virtually Certain	Total
Employers	4,818,703	10,248,428		3,297,749		18,364,880
HCPs			61,000			61,000
Total	4,818,703	10,248,428	61,000	3,297,749	-	18,425,880

PRO III

Complaints Against	Settled	Probable	Possible	Remote	Virtually Certain	Total
Employers	23,216,958	35,702,803				58,919,761
Total	23,216,958	35,702,803	-	-	-	58,919,761

PRO IV-A

Complaints Against	Settled	Probable	Possible	Remote	Virtually Certain	Total
HCPs		6,526,694				6,526,694
Total	-	6,526,694	-	-	-	6,526,694

PRO IV-B

Complaints Against	Settled	Probable	Possible	Remote	Virtually Certain	Total
Employers		1,545,433				1,545,433
HCPs		365,274				365,274
Total	-	1,910,707	-	-	-	1,910,707

PRO VI

Complaints Against	Settled	Probable	Possible	Remote	Virtually Certain	Total
Employers	583,286	299,875	2,012,078			2,895,239
HCPs		16,217,403				16,217,403
Total	583,286	16,517,278	2,012,078	-	-	19,112,642

PRO VII

Complaints Against	Settled	Probable	Possible	Remote	Virtually Certain	Total
HCPs		3,525,986				3,525,986
Total	-	3,525,986	-	-	-	3,525,986

PRO VIII

Complaints Against	Settled	Probable	Possible	Remote	Virtually Certain	Total
HCPs		378,755	378,755	4,540,429		5,297,939
Total	-	378,755	378,755	4,540,429	-	5,297,939

PRO XI

Complaints Against	Settled	Probable	Possible	Remote	Virtually Certain	Total
Employers			1,449,959	1,020,079		2,470,038
Total	-	-	1,449,959	1,020,079	-	2,470,038

PRO XII						
Complaints Against	Settled	Probable	Possible	Remote	Virtually Certain	Total
Employers			372,244			372,244
Total	-	-	372,244	-	-	372,244

Number and amount of Notice of Disallowances:

	No. of Disallowances	Amount	Estimated Outcome
HEAD OFFICE	54	1,600,805,733	Probable
NCR	6	152,348,437	Probable
CAR	6	66,334,595	Probable
PRO I	6	23,680,540	Probable
PRO III	3	36,606,845	Probable
PRO IV-A	7	77,942,393	Probable
PRO IV-B	5	73,366,267	Probable
PRO V	13	140,402,511	Probable
PRO VI	22	238,696,375	Probable
PRO VIII	3	20,971,187	Probable
PRO IX	28	163,701,308	Probable
PRO X	26	99,376,551	Probable
PRO XI	55	367,562,343	Probable
PRO XII	3	11,992,083	Probable
CARAGA	2	954,619	Probable
Total	184	3,074,741,787	