

CY 2023 Performance Report of the Risk Management Committee

The Risk Management Committee (RiskCom) is a committee of the Philippine Health Insurance Corporation (PhilHealth) Board that performs oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of the Corporation, and crisis management, which shall include receiving from Senior Manager periodic information on risk exposures and risk management activities. The Committee develops the Risk Management Policy of the Corporation, ensuring compliance with the same and ensures that the risk management process and compliance are embedded throughout the operations of PhilHealth, especially at the Board and Management level. It further provides quarterly reporting and updates the Board on key risk management issues as well as ad hoc reporting and evaluation on investment proposals. Finally, the Committee reviews investment that are beyond the authority of the Management under the approved Investment Guidelines such as redemption/exchange of investments into fixed assets, such as land, asset and pool certificates, for final approval by the Board.¹

For CY 2023, the Committee convened seven (7) times and approved/discussed the following:

I. Strategies to Offset Expected Losses from the Suspension of CY 2023 Premium Rate Increase

In light of the prevailing socio-economic challenges arising from the Covid-19 pandemic, PhilHealth was directed via a memorandum from the Office of the Executive Secretary to suspend the implementation of the premium increase for CY 2023. Subsequently, the RiskCom, in collaboration with the Governance Committee (GovCom) and Benefits Committee (BenCom), participated in a joint committee meeting at the onset of CY 2023 to devise strategies and initiatives aimed at offsetting anticipated losses resulting from the suspension of the CY 2023 premium rate increase. The Board thereafter directed Management to implement the proposed strategies and initiatives.

II. PMT-RM Accomplishment Report with Top Risks and Critical Risk Areas

In its role as the risk management arm of the Corporation, the PMT-RM regularly provides updates to the RiskCom. The accomplishment report from the PMT-RM encompasses the following:

- Reported Top Risks and Top Fraud Risks CY 2022
- Reported Risks and Monitoring Status for CY 2019 – 2022
- Issued Risk Assessment Certification (RAC)
- Risk Information Management System (RIMS)
- RM Online Quiz Compliance and Results
- RM Policies Issued
- RM Orientations/Trainings
- RM Plans and Activities for CY 2023

This process keeps the Board abreast with the Corporation's risk exposures and risk management activities.

¹ PhilHealth Manual of Corporate Governance

III. Unimplemented Audit Recommendations

The presentation delivered to the RiskCom had the objective of assessing the risks on the unimplemented audit recommendations and developing the appropriate risk response plan.

IV. Plans and Targets for Investment CY 2023

For the RiskCom's review and consideration, the "Plans and Targets for Investment CY 2023" was presented, to wit:

- Hiring of Local Fund Managers (Sec. 11 – RA 11223)
- Purchase of Corporate Bonds in the Secondary Market (Sec. 11.5.b – RA11223)
- Purchase of Preferred Shares with Fixed Dividend Yields in the Primary and Secondary Markets (Sec.11.5.d – RA11223)
- Purchase of Government Securities in the Over the Counter Facility Window of the Bureau of Treasury (Sec. 11.5.a – RA 11223)
- Purchase of Government Securities in the Secondary Market via the Non-restricted Trading Environment Platform (Sec.11.5.g – RA 11223)
- Compliance to PFRS 9 on the recognition and measurement of financial institutions (COA Compliance)
- TIMS Systems Requirement

V. Additional Budget under the CY 2023 COB for the Remuneration and Continuous Hiring of the Additional 996 Job Order Contractor Positions for July to December 2023

The "Six (6) Months Budgetary Requirements for the Continuous Hiring of the 996 Job Order Contractor Positions (July - December 2023)" was demonstrated. The RiskCom granted approval for the presentation to the Board *en banc*, endorsing the continuous hiring of 996 JOCs from July to December 31, 2023, along with the allocation of Php 188,302,672.40 for their remuneration, including the budget for overtime services, which was subsequently approved by the Board.

VI. PhilHealth ISSP Amendment

The RiskCom approved for presentation to the Board *en banc* the CY 2023 supplemental budget with a Grand Total of Php 1,225,291,061 pending the receipt of the approval of the ISSP Amendment by the DICT. Subsequently, the ISSP Amendment for Cy 2023 was endorsed by the DICT in a letter dated May 10, 2023 which was received by PhilHealth on May 12, 2023. Each page of the document was stamped by the DICT which indicates that the document has undergone review of the DICT. As such, the Board approved the DICT-endorsed ISSP Amendment for CY 2023 with a Grand Total of Php1,650,404,440; and the CY 2023 Supplemental Budget for the following, with exact amounts determined by IMS: 1) IT supplies and consumables (toners, etc.); 2) computers, printers, and laptops for eligible personnel; 3) the renewal of expired licenses, subscriptions, and other projects with continuing cost with the appropriate billing statement; and 4) other ICT resources critical to the day-to-day operations of the Corporation.

VII. Status of PhilHealth Investments as of August 31, 2023 and the Implementing Guidelines on the Investments in Preferred Shares with Fixed Dividend Rates

The report on the status of PhilHealth Investments as of August 31, 2023 provided information about the results of investment operations and activities of the Corporation to the Management and the RiskCom in aid of decision-making. Further, it updated the Management and the RiskCom on the status of the National Health Insurance Fund. The RiskCom then approved for presentation to the Board *en banc* the Status of PhilHealth Investments as of August 31, 2023 and Implementing Guidelines on the Investment in Preferred Shares with Fixed Dividend Rates.

VIII. Status and Updates on the Information Security Incident

In order to apprise the RiskCom and formulate an action plan, a presentation was delivered regarding the ongoing incident response update on Medusa Ransomware. The report outlined the actions undertaken since the inception of the incident. The RiskCom duly acknowledged the presentation and directed the Management to promptly determine the total number of workstations requiring assessment and to expedite the assessment process accordingly.

IX. Implementation of the PhilHealth Financial Management Enhancement Program (FinMaREP)

The Financial Management and Reporting Enhancement Program (FinMaREP) is a medium-term plan of the Corporation that aims to improve financial management and implement digital transformation. The program focuses on enhancing financial processes, developing the capability of human resources, strengthening the internal control system, and ensuring compliance with statutory requirements. The RiskCom approved the presentation of FinMaREP, including the Financial Management System and its requirements (human and other requirements), to the Board. The Board subsequently granted approval for FinMaREP with the Financial Management System and its requirements, totaling Php 106,668,990.48.

X. CY 2024 Corporate Operating Budget (COB)

The CY 2024 Corporate Operating Budget (COB) proposal which is also aligned with DOH's 8-point agenda particularly on "Bawat Pilipino" action item no. 2 "Ligtas, De-kalidad, at pinagkalingang serbisyo" strategic intervention 3.2.1 ensures responsive and appropriate individual-based health benefit packages. In order to safeguard the proper and appropriate allocation of funds granted to the Corporation, the RiskCom reviewed and approved for presentation to the Board *en banc* the CY 2024 COB amounting to P258.294 billion including its Special Provisions. The Board then gave its approval to the CY 2024 COB.

Committee Membership

The members of the Committee for CY 2023 are as follows, consisting of at least three (3) members of the Board, with at least one (1) member having a background in finance and investments, in compliance with the PhilHealth Manual of Corporate Governance:

1. Department of Finance (DOF) seating as its Chairperson
2. Department of Health (DOH) seating as its Vice Chairperson

3. Department of Social Welfare and Development (DSWD)
4. PhilHealth PCEO Emmanuel R. Ledesma, Jr. (Expert Panel Representative)
5. Alejandro L. Cabading, CPA (Expert Panel Representative)
6. Jason Roland N. Valdez, MD (Direct Contributors Sector Representative)

Conduct of RiskCom Meetings

The following tables display the dates of Risk Management Committee meetings held in CY 2023, along with the attendance records of each member:

No.	Date of Meeting (Actual)	Date of Meeting (Based on the Board Calendar)
1	January 16	March 14
2	March 14	June 20
3	May 8	September 19
4	July 7	October 23
5	September 27	
6	November 17	
7	December 7	

Note: This table shows the actual meetings conducted by the RiskCom vis-à-vis the PhilHealth Board Calendar as initially approved by the Board.

Attendance Record of RiskCom Meeting

NAME	Office	Date of Meeting							Total
		Jan. 16	Mar. 14	May 8	Jul. 7	Sep. 27	Nov. 17	Dec. 7	
OIC-Dep. Treas. Eduardo Anthony G. Mariño III	BTr	✓	✓	✓	✓	✓	✓	✓	7/7
Dr. Lilibeth C. David, MPH, MPM, CESO I	DOH	✓	✓	X	N/A	N/A	N/A	N/A	3/7
Usec. Kenneth G. Ronquillo		N/A	N/A	N/A	X	✓	X	X	
Atty. Megan Therese Y. Manahan	DSWD	X	X	✓	X	X	X	X	4/7
Asec. Ivy Grace S. Rivera		X	✓	X	X	X	X	X	
Usec. Charles Frederick T. Co		✓	X	X	X	X	X	X	
Asec. Julius Exequel B. Gorospe		N/A	N/A	N/A	N/A	X	X	✓	
Alejandro L. Cabading, CPA	Expert Panel	✓	✓	✓	✓	✓	✓	✓	7/7
Dr. Jason Roland N. Valdez	Direct Contributors Sector	✓	✓	✓	✓	✓	✓	✓	7/7
PCEO Emmanuel R. Ledesma, Jr.	Expert Panel	✓	X	✓	X	✓	✓	✓	5/7