

CY 2024 Performance Report of the Risk Management Committee

Approved by the Risk Management Committee on 06 February 2025

The Risk Management Committee (RiskCom) is a sub-committee under 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 investments 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 2024, the Committee convened three (3) times and approved/discussed the following:

- I. **INVESTMENT UPDATES AND PLANS & TARGETS.** The Treasury Department presented the Updates on the Status of PhilHealth Investments as of December 31, 2023, Targets and Plans for 2024, and the Updates for the First Quarter of 2024 on the Outstanding Investment Portfolio. to provide information about the results of investment operations and activities of the Corporation to the management and the PhilHealth RiskCom in aid of decision-making; and to update the Management and the PhilHealth RiskCom on the status of the National Health Insurance Fund. In subsequent meetings, the Treasury Department provided further updates on the status of PhilHealth investments and the results of investment operations as of September 30, 2024 and as of November 30, 2024.
- II. **PMT-RM Accomplishment Report and Critical Risk Areas.** The Project Management Team for Risk Management (PMT-RM) presented their Accomplishment Report, with the following highlights: PMT-RM 2023 Accomplishments, wherein the issued Risk Assessment Certificate (RAC) totaled 808 for CY 2023, RM Monitoring Report - Risk Response Plans (RRP), which totaled 1,383 from 2019-2023, Reported Critical Risk Areas and Top Risks, RM Orientations, Trainings, and Workshops, Risk Information Management System (RIMS), and PMT-Risk 2024 Work Plan.

¹ PhilHealth Manual of Corporate Governance

- III. **Remittance of Fund Balance Pursuant to the GAA and DOF Department Circular No. 003-2024.** After seeking for for the legal opinion of the Office of the Government Corporate Counsel (OGCC) and Governance Commission for GOCCs (GCG) as directed by the RiskCom, the “PhilHealth and the Unprogrammed Appropriations” was presented before the Board en banc, pertaining to the request of the Department of Finance (DOF) for the fund balance transfer in the amount of Php 89.9 billion to the Bureau of the Treasury (BTr). The proposal is grounded on the provision on Unprogrammed Appropriations under Section XLIII (1)(d) of the 2024 General Appropriations Act (GAA), and the relevant provisions of the DOF Department Circular No. 003-2024 implementing such provision of the 2024 GAA. The Board approved the remittance/transfer of the unutilized subsidy fund amounting to Php 89.9 billion to the Bureau of Treasury.
- IV. **Integrated Risk Management Plan CY 2024-2026.** The committee approved the Integrated Risk Management Plan (IRMP) for presentation to the Board en banc, subject to compliance with certain directives. The IRMP is a systematic and collaborative way to manage risks across the entire groups, providing an efficient way to understand the linkages of risks at enterprise level, formulate appropriate risk response measures and provide a process for monitoring the priority risks.
- V. **CY 2024 Semester 1 Top Risks and Critical Areas Report.** The committee reviewed the top risks identified in Risk Information Management System (RIMS) and Risk Assessment Certification (RAC), focusing on operational risks: 1) ICT and events, 2) people and process, as primary areas of concern.
- VI. **Consolidated Fund Balance Projections.** The committee reviewed the fund balance projections as of September 2024, which included all previously approved benefits and projections for the following years. The presentation covered the following points: 1) Assumptions for collections, projected premium contributions, and contributions from directed contributors, as well as assured collections from national government contributors; 2) Projected Premium Contributions under various assumptions for both direct and indirect contributors, with a 5% premium rate from 2024 onwards; 3) Benefit Enhancements for CY 2024-2030, including the new benefits like comprehensive outpatient benefits and mental health packages; and 4) Projected Benefit Payouts and Fund Balance Projections for 2024, based on different scenarios, including RA 11223, and other requested scenarios by legislative bodies.

- VII. **Risk Response Plans to Cybersecurity Risks.** The committee outlined several proactive measures that had already been undertaken to enhance the organization's security posture, including: 1. Continuous review and improvement of incident management issuances, including the development of the Information Security Incident Response Playbook; 2. Revisiting and developing the Information Security Roadmap and the PhilHealth Disaster and Emergency Preparedness Management Plan in relation to business continuity; 3. Crafting and review of various policies aligned with the principles of the Information Security Management System; 4. Security Education, Training and Awareness (SETA) are being conducted to promote a culture of security awareness among employees through training programs and communication campaigns; 5. An incident response team was also created to manage encountered incidents and mitigate its effect; and 6. Implemented managed security solution to protect the Corporation's information asset. Moreover, the Committee discussed additional measures to mitigate and reduce the risk of cyberattacks, including the necessity of equipping the Corporation with a Managed Security Operations Center (MSOC).
- VIII. **Extended Validity of CY 2024 Corporate Operating Budget (COB).** The committee approved the extension of the validity of the 2024 Corporate Operating Budget (COB) until December 31, 2025, for the specific priority projects amounting to over 1 billion pesos. This allows for the continued procurement of crucial projects essential for 2025 operations.
- IX. **CY 2025 Corporate Operating Budget (COB).** The Committee approved the presentation of the 2025 COB amounting to 284.131 billion pesos to the Board en banc. This budget outlines key expenditure areas, including benefit expenses, administrative expenses, and capital expenditures.

Conduct of RiskCom Meetings

The following tables display the dates of Risk Management Committee meetings held in CY 2024, along with the attendance records of each member:

No.	Date of Meeting
1	03 May 2024
2	21 October 2024
3	13 December 2024

Committee Membership

The members of the Committee for CY 2024 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:

Name	Position	Office
1. Dep. Treas. Eduardo Anthony G. Mariño III	Chairperson	DOF-BTr
2. Asec. Charade B. Mercado-Grande (October 2024) *	Vice Chairperson	DOH
3. Asec. Paul D. Ledesma	Member	DSWD
Asec. Irene B. Dumlao	Member	
4. Dr. Thea Arcely R. Gimenez	Member	Expert Panel
Alejandro L. Cabading, CPA (May 2024) *	Member	
5. Atty. Gioan Fernand A. Legaspi	Member	Direct Contributors Sector
Jason Roland N. Valdez, MD (July 2024) *	Member	
6. Emmanuel R. Ledesma, Jr.	Member	Expert Panel

Note: Names highlighted in gray indicate that the individual is a former member of the Committee.

Risk Management Committee Member Attendance Records

Office	Date of the meeting			Total
	03 May	21 Oct.	13 Dec.	
Department of Finance - Bureau of Treasury	✓	✓	✓	3/3
Department of Health	✓	X	X	1/3
Department of Social Welfare and Development	✓	✓	X	2/3
Expert Panel	✓	✓	✓	3/3
Direct Contributors Sector	✓	✓	✓	3/3
Expert Panel / PhilHealth PCEO	✓	✓	✓	3/3