Circular Letter (CL)  
No.: 2018-54-A  
Date: 29 October 2018  
Amends: Circular Letter (CL) Nos. 2017-19, d. 31 March 2017; and 2018-20, d. 27 March 2018

CIRCULAR LETTER

TO : ALL HEALTH MAINTENANCE ORGANIZATIONS (HMOs) DOING BUSINESS IN THE PHILIPPINES

SUBJECT : AMENDMENTS TO THE TRANSITORY PROVISION UNDER CIRCULAR LETTER NO. 2017-19 AND THE PROVISIONS OF CIRCULAR LETTER NO. 2018-20

WHEREAS, HMOs were given one (1) year from the effectivity of Circular Letter No. 2017-19 dated 31 March 2017, or until 31 March 2018, to amend their existing HMO products and corresponding Agreements and contract forms and submit the same to this Commission for approval; otherwise, the same can no longer be sold after the expiry of said period;

WHEREAS, this period was extended from 31 March 2018 until 30 April 2018 and 30 June 2018 pursuant to Circular Letter No. 2018-20 dated 27 March 2018 "[in] consideration of the request of the associations of HMOs and to give the Commission more time to evaluate and approve HMO products and corresponding Agreements and contract forms without disadvantaging HMOs x x x";

WHEREAS, HMOs submitted their products for IC approval within the said extended periods; however, products submitted pertain only to those with coverage and payment periods not exceeding twelve (12) months. For the purpose of this amendatory circular, such products shall be identified as "SHORT-TERM" HMO products. Consequently, those products with coverage and payment periods exceeding twelve (12) months as may be implied from the provisions of Section 3, Circular Letter No. 2017-19 shall be identified as "LONG-TERM" HMO products;

WHEREAS, in accordance with the provisions of Circular Letter No. 2018-20 dated 27 March 2018, HMOs have submitted the amended Agreements and contract forms of their "SHORT-TERM" HMO Products as of 30 April 2018;
WHEREAS, this Commission’s review and evaluation of the numerous amended products and corresponding Agreements and contract forms submitted in accordance with the provisions of Circular Letter No. 2018-20 dated 27 March 2018 and Circular Letter No. 2017-19 dated 31 March 2017 is presently ongoing;

WHEREAS, it is necessary for this Commission to afford itself more time to judiciously evaluate the numerous submissions mentioned in the immediately preceding paragraph in order to arrive at a well-informed decision as regards whether or not to approve said submissions;

WHEREAS, since currently, there are no existing guidelines that would cover the regulation of long-term products, this Commission issued Circular Letter No. 2018-35 on 22 June 2018 indefinitely suspending the deadline (30 June 2018) provided for under Circular Letter No. 2018-20 dated 27 March 2018 with respect to the prohibition on the sale of “LONG-TERM” HMO products under Section 8 of Circular Letter No. 2017-19 dated 31 March 2017; and

WHEREAS, the formulation of the circular letter that would serve as guidelines on “LONG-TERM” HMO products is still on-going.

NOW, THEREFORE, pursuant to the power granted to the Insurance Commissioner to "issue rules and guidelines with respect to x x x the registration of contracts and plans x x x" under Section 4 (a) of Executive Order No. 192, s. 2015 dated 12 November 2015, the undersigned hereby issues the following guidelines, viz:

1. Extension of Term
   a. “SHORT-TERM” HMO Products
      - HMOs selling “SHORT-TERM” HMO products, the amended Agreements and contract forms of which have already been submitted to this Commission for evaluation and approval pursuant to Circular Letters No. 2017-19 and 2018-20, may continue to sell the same pending approval by this Commission until: (a) thirty (30) days after the date of this Commission’s approval of said product/s; or (b) 31 March 2019, whichever comes earlier.

      Thereafter, no such HMO products shall be sold unless said products, their Agreements and contract forms have been approved by this Commission.

   b. “LONG-TERM” HMO Products
      - Pending the issuance of the guidelines on “LONG-TERM” HMO products, HMOs may still sell such existing products.

2. It is understood, however, that such HMOs selling “SHORT-TERM” or “LONG-TERM” HMO Products are compliant with existing general laws applicable to their products and that the promised benefits are supported with sufficient
reserves as determined by their IC-accredited actuary and subject to regular examination by the IC examiners.

3. HMO products not submitted to this Commission prior to 30 April 2018 shall not be sold during the period prescribed in the first section without prior approval from this Commission.

4. Effectivity. This Circular Letter shall take effect fifteen (15) days after its issuance.

For the information and guidance of concerned parties.

DENNIS B. FUNA
Insurance Commissioner