CIRCULAR LETTER

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

SUBJECT: VALUATION STANDARDS FOR HEALTH MAINTENANCE ORGANIZATION (HMO) AGREEMENT LIABILITIES

WHEREAS, Section 1, Executive Order (EO) No. 192, s. 2015, mandates that jurisdiction over Health Maintenance Organizations (HMOs) shall be transferred from the Department of Health (DOH) to the Insurance Commission (IC) in order to regulate and supervise the establishment, operations and financial activities of HMOs;

WHEREAS, the IC shall have the authority to exercise the following functions, among others:

a. Issue rules and guidelines, with respect to the establishment of HMO minimum capitalization, net worth, reserve funds and security deposit requirements, as well as the criteria for qualification and disqualification of directors, officers and marketing personnel, and the procedure for the submission of reportorial and/or examination requirements, registration of contracts and plans, adjudication of claims, and other relevant matters, as necessary;

b. Regulate, supervise, and monitor the operations and management of HMOs to ensure compliance with EO No. 192, s. 2015, existing laws, rules, regulations and such other directives and circulars issued by the Insurance Commissioner;

c. Prepare, approve or amend, rules, regulations, orders, and circulars, and issue opinions, provide guidance on and supervise compliance with such rules, regulations, orders, and circulars;

d. Exercise such other powers as may be provided by law as well as those which may be implied from, or which are necessary or incidental to carry out the express powers granted to the IC to achieve the objectives and purposes of EO No. 192; and

e. Pursuant to existing laws, rules, and regulations, impose sanctions, and/or appropriate penalties.
NOW, THEREFORE, pursuant to the power granted to the Insurance Commissioner to "issue rules and guidelines with respect to x x x reserve funds x x x" under Section 4 (a) of EO No. 192, s. 2015 dated 12 November 2015, the undersigned hereby issues the attached valuation standards for HMO Agreement liabilities.

This Circular shall take effect immediately.

DENNIS B. FUNA
Insurance Commissioner