



Republic of the Philippines  
Department of Finance  
**INSURANCE COMMISSION**  
1071 United Nations Avenue  
Manila

<b>Circular Letter (CL) No.:</b>	<b>2021-68</b>
<b>Date:</b>	<b>24 November 2021</b>

### CIRCULAR LETTER

**TO : ALL HEALTH MAINTENANCE ORGANIZATIONS  
AUTHORIZED TO DO BUSINESS IN THE PHILIPPINES**

**SUBJECT : GUIDELINES ON OFFERING OF DISCOUNTS ON  
MEMBERSHIP FEES OF HMO PRODUCTS**

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**WHEREAS**, regulatory jurisdiction over Health Maintenance Organizations ("HMOs") was transferred from the Department of Health to the Insurance Commission by virtue of Executive Order No. 192, series of 2015;

**WHEREAS**, Section 4(j) of Executive Order No. 192, series of 2015 vests the Commission the authority to "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";

**WHEREAS**, with the emergence of new forms of marketing and distribution activities being adopted by HMOs, such as discounting of membership fees, this Commission sees the need to impose regulations to ensure fair and sustainable promotion of HMO products;

**NOW THEREFORE**, in view of all the foregoing and in accordance with the undersigned's powers under Section 4 of Executive Order No. 192 (s. 2015), the following guidelines are hereby adopted and promulgated:

**1. Prohibitions.** Except as provided in Section 2 hereof, HMOs shall be prohibited from conducting any of the following activities when distributing or offering their HMO products:

1.1. giving or offering any type of discount or preferential rate, such as discounts for bulk purchases or promotional discounts, for HMO products intended for individual or family accounts;

1.2. directly or indirectly giving or offering to give any valuable consideration which is not specified in the HMO agreement, either as an inducement to the making of the HMO agreement or after such HMO agreement has been effected, by:

- (a) giving or sharing a commission;
- (b) paying or offering to pay the member any rebate from the membership fee specified in the HMO agreement; or
- (c) giving or offering any special favor or advantage in the benefits which is not specified in the HMO agreement; and

1.3. discriminating against any Filipino because of their race such that they are given less advantageous rates or other policy conditions or privileges than those accorded to other nationals.

**2. Allowable Discounts.** HMOs may only be allowed to offer the following forms of discount or preferential rate provided said feature of the HMO product has been approved by the Commission:

2.1. Volume Discount for HMO products intended for group or corporate accounts; and

2.2. Employee Discount, as part of employee benefits, exclusively for employees and their dependents of companies in which the HMO has equity or ownership.

**3. Separability Clause.** If any provision of this Circular shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

**4. Effectivity.** This Circular Letter shall take effect immediately.

**DENNIS B. FUNA**  
Insurance Commissioner

