



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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Manila



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**HEALTH MAINTENANCE ORGANIZATIONS'
(HMOs) AGGREGATE NET INCOME GROWS
BY 203.41% AS OF 30 JUNE 2020**

As of the quarter ending on 30 June 2020 (“2Q 2020”), health maintenance organizations’ (HMOs’) total net income grew by a staggering 203.41% based on unaudited interim financial statements submitted by twenty-two (22) HMOs.

“Based on these unaudited reports, the HMO industry’s total net income jumped from ₱1.49 billion as of 30 June 2019 (“2Q 2019”) to ₱4.53 billion as of 2Q 2020. This may be explained by the 6.4% decrease in the industry’s total expenses against its increasing revenues,” remarked Insurance Commissioner Dennis Funa.

“Notwithstanding this, however, ten (10) companies reported a decrease in their net income ranging from 8.44% to 249.33%,” he added.

Upward trends were also observed in terms of the HMO industry’s total assets, total liabilities, total equity and total revenues.

Total assets remarkably increased by 51.7% from ₱34.34 billion as of 2Q 2019 to ₱52.09 billion as of 2Q 2020. The industry’s total liabilities rose to ₱40.85 billion, which comprises a noticeable 50.2% increase from ₱27.19 billion as of 2Q 2019.

“This increase in the industry’s total liabilities is due to unearned membership fees, which constitutes 60.74% of such liabilities. It can be presumed that this is due to the difficulties encountered by the HMO industry in the collection of membership fees because of certain restrictions imposed by the National Government in response to the COVID-19 pandemic,” Commissioner Funa explained.

The industry’s total equity also jumped a remarkable 57.26%, from ₱7.15 billion as of 2Q 2019 to ₱11.25 billion as of 2Q 2020.

“The positive change in the industry’s equity may be attributed to the increase in retained earnings, which comprises 74.62% of the total equity. However, it should also be noted that the HMO industry’s capital stock decreased by 5.3% year-on-year, from ₱2.80 billion as of 2Q 2019 to ₱2.65 billion as of 2Q 2020,” said Commissioner Funa.

In terms of total revenues earned by the HMO industry, total revenues amounted to ₱25.64 billion in 2Q 2020 compared to the previous year's ₱24.03 billion, which translates to an increase of 6.7%.

“The trends that we have seen from the unaudited reports submitted by the HMOs reveal that Filipinos are increasingly recognizing the value of availing HMO products as part of health protection. Perhaps now during this COVID-19 pandemic situation, more than ever, the importance of HMO products has been highlighted especially that, according to a survey conducted by this Commission from 16 April to 8 May 2020, 89.4% of Medical Benefits claims paid during said period was paid by the HMO industry, amounting to ₱231.36 million out of the ₱258.8 million total Medical Benefits claims paid,” Commissioner Funa highlighted.



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