



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



Legal Opinion (LO) No.:	2020 - 17
Date:	29 December 2020

ATTY. DANILO R. RICO II

Counsel for TakeCare Asia Philippines
#1717 Viverde Lofts Building, Unit S-722
Sandejas St., Pasay City

SUBJECT: Legal Inquiry on Whether TakeCare Asia Philippines, Inc. is Under the Jurisdiction of the Insurance Commission

Dear **Atty. Rico**:

This refers to your letter dated 6 February 2020 requesting for the Insurance Commission's legal opinion as to whether TakeCare Asia Philippines, Inc. is under the jurisdiction or supervision of the Insurance Commission.

A perusal of the documents submitted to us by your company presents that:

- (1) TakeCare Asia Philippines is a domestic corporation duly registered on April 25, 2006 with the Securities and Exchange Commission (SEC).
- (2) TakeCare Health System, LLP, is a foreign insurance company operating in Guam and Micronesia.
- (3) TakeCare Asia Philippines and TakeCare Health System, LLP, are two different and distinct corporate entities. These two corporations have not

been registered with this Commission to operate as a Health Maintenance Organization.

- (4) The original primary purpose of TakeCare Asia Philippines since its inception in the year 2006 was:

“To operate a referral office for the TakeCare Health System, LLP, related services to customers, and perform any and all lawful transactions in relations thereto.”

- (5) Later, TakeCare Asia Philippines planned to expand to the Health Maintenance Organization business and had its Articles of Incorporation amended. SEC approved the change of primary purpose by issuing a Certificate of Filing of Amended Articles of Incorporation dated August 7, 2013. TakeCare Asia Philippines’ primary purpose was then amended to read as follows:

“To operate a health maintenance organization (HMO) to provide healthcare and related services to customers”

- (6) From 2013 up to present, despite the amendment of its Articles of Incorporation to operate as an HMO, TakeCare Asia Philippines represents that:

- a. it did not operate as a Health Maintenance Organization;
- b. it did not receive any premiums or contributions from the public in exchange of health insurance coverage; and
- c. it did not provide basic medical services

- (7) TakeCare Asia Philippines is in the process of amending its Articles of Incorporation anew and that its intended primary purpose now reads:

“To operate as a back-office support and provide administrative services for TakeCare Health System, LLP, such as handling of customer service inquiries and concerns, processing of information and data, encoding and billing services, and other relevant support services.”

- (8) TakeCare Asia Philippines’ present operation is it functions as a back-office support exclusively for TakeCare Health System, LLP, which is based abroad. This involves providing customer service support, processing of back-end jobs, encoding, and billing services similar to a healthcare business processing outsourcing entity. TakeCare Asia Philippines

facilitates and assists TakeCare Health System, LLP and its clients to connect medical professionals based in Metro Manila to get treatment in the Philippines. With this arrangement, TakeCare Asia Philippines derives its income solely from TakeCare Health System, LLP.

Pursuant to **Executive Order No. 192, s. 2015**, a Health Maintenance Organization is defined as:

“An HMO refers to a juridical entity legally organized to provide or arrange for the provision of pre-agreed or designated health care services to its enrolled members for a fixed pre-paid fee for a specified period of time.”

Corollarily, **Circular Letter No. 2017-19** provides guidelines on what constitutes an HMO product. The Circular letter reads as follows:

“An HMO Product has the following key features:

- a. TYPES OF HMO PRODUCT - An HMO product may be issued on individual/family or group basis.*
- b. PERIOD OF COVERAGE - Coverage is for a maximum of twelve (12) months subject to renewal.*
- c. PAYMENT PERIOD - Membership fees are guaranteed for a maximum of twelve (12) months.*
- d. PAYMENT OPTION - The fixed pre-paid fee may be in the form of
 - (a) a pre-agreed membership fee or*
 - (b) a combination of the enrolment fee, administrative fee and a fund under an Administrative Services Only (ASO) agreement, or*
 - (c) a combination thereof.**
- e. BENEFITS - In addition to the preventive care and wellness programs that an HMO product must provide, an HMO product must have at least one (1) of the following benefits:*
 - i. In-Patient benefit*
 - ii. Out-Patient benefit*
 - iii. Emergency care benefit*
 - iv. Annual Physical Exam*
 - v. Executive Check-up*
 - vi. Dental benefit*
 - vii. Maternity benefit*

f. ANCILLARY BENEFITS - An HMO product may likewise provide the following benefits:

- i. Point-of-Service*
- ii. Worldwide coverage*
- iii. Prescription drugs*
- iv. Alternative medicine*
- v. Clinic Management*
- vi. Other services related to health care*

g. PRODUCT BUNDLING - An HMO product may be bundled with a Group Yearly Renewable Term insurance plan, Group Accident insurance plan or any similar product that has been duly approved by the IC. The HMO shall act as the group policyholder and shall endorse the benefit in the HMO Agreement. The HMO shall likewise act as the lead provider that will assume responsibility for the administration of the bundled products or services.

h. LIMITATIONS - An HMO product shall not have any savings or investment component, nor any mortality risk."

In applying EO No. 192, and CL No. 2017-19, insofar as the facts presented, we find that:

- I. TakeCare Asia Philippines does not appear to organize, provide, or offer a pre-agreed health care services to the public as its operation mainly focuses on administrative support to TakeCare Health System, LLP, which is based abroad;
- II. TakeCare Asia Philippines does not offer memberships or have enrolled members for providing health care services;
- III. TakeCare Asia Philippines does not offer HMO products or any kind of product at all that has features of an HMO product to the public; and,
- IV. Finally, TakeCare Asia Philippines does not collect any fixed prepaid premiums for any health services here in the Philippines as its source of income comes from TakeCare Health System, LLP.

Upon checking with the Licensing Division of the Insurance Commission, neither TakeCare Asia Philippines nor TakeCare Health System, LLP were issued Certificates of Authority by this Commission to act either as insurance company, pre-need health maintenance organization, sales counselor, insurance broker or act as an insurance agent.


At present, the records of the Regulation, Enforcement and Prosecution Division of the Insurance Commission are bereft of any pending administrative case, complaints or claims filed against TakeCare Asia Philippines or TakeCare Health System, LLP.

In light of the foregoing, the Commission finds that the proposed business of TakeCare Asia Philippines is not within our jurisdiction.

Notwithstanding the foregoing, TakeCare Asia Philippines is hereby directed to file an **Affidavit of Undertaking** to this Commission, stating that TakeCare Asia Philippines would not operate as a Health Maintenance Organization as it amends its Articles of Incorporation. Also, upon approval by the SEC of the proposed amended Articles of Incorporation, TakeCare Asia Philippines is also directed to furnish this Commission of the same.

Further, let it be noted that the opinion rendered by this Commission is based solely on the particular facts disclosed in the query and relevant solely to the particular issues raised therein and shall not be used, in any manner, in the nature of a standing rule binding upon the Commission in other cases whether for similar or dissimilar circumstances.

Please be guided accordingly.


Very truly yours,
DENNIS B. FUNA
Insurance Commissioner