



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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HMOs' NET INCOME NEARLY DOUBLES IN Q1 2021 FROM PREVIOUS YEAR

Health maintenance organizations' ("HMOs") aggregate net income nearly doubled from ₱797.6 million in the quarter ending 31 March 2020 ("Q1 2020") to ₱1.56 billion in the quarter ending 31 March 2021 ("Q1 2021"), translating to a 95.57% increase year-on-year. This is according to the latest unaudited interim financial statements submitted by HMOs for Q1 2021.

"This substantial increase in the industry's net income, however, is primarily driven by a 9.24% decrease in total expenses, year-on-year. That was, in turn, driven by a 15.62% decrease in Healthcare Benefits and Claims from ₱9 billion in Q1 2020 to ₱7.6 billion," explained Insurance Commissioner Dennis Funa.

In the meantime, HMOs' total equity likewise increased by 94.15%, from ₱7.80 billion in Q1 2020 to ₱15.14 billion in Q1 2021.

"According to the unaudited reports, this increase in total equity was due to an increase in Retained Earnings, which comprise 77.90% of HMOs' total equity," Commissioner Funa noted.

HMO assets grew 31.77% year-on-year, from ₱50.51 billion in Q1 2020 to ₱66.56 billion in Q1 2021.

"The 31.77% growth in the HMOs' assets is primarily driven by a corresponding growth in Cash and Cash Equivalents that make up 53.92% of the industry's assets," said Commissioner Funa.

Meanwhile, the industry's total liabilities increased by 20.38%, from ₱42.72 billion in Q1 2020 to ₱51.42 billion in Q1 2021.

Notwithstanding increases in the above-mentioned indicators, it was observed that the HMO industry's total revenues slightly contracted by 2.89%, from ₱13.17 billion in Q1 2020 to ₱12.79 billion in Q1 2021, which was due to a slight decrease in Membership and Enrollees' Fees.

It will be recalled that the regulation and supervision of the HMO industry was transferred to the Insurance Commission from the Department of Health ("DOH") by virtue of Executive Order No. 192, Series of 2015, issued by then President Benigno S. Aquino III.

“As the Insurance Commission has envisioned, the HMO industry has increasingly become a pillar of the Philippine economy serving our fellow Filipinos, especially during the pandemic. Since the start of the COVID-19 pandemic until the end of the first half of this year, HMOs have already paid ₱3.98 billion in COVID-19-related claims, which constitutes 48% of the ₱8.25 billion aggregate COVID-19-related claims paid. Clearly, HMOs have a unique place in our country’s fight against the pandemic as frontliners and have become a strong and dependable partner in ensuring that our country’s healthcare needs during these uncertain times are addressed,” Commissioner Funa stated.



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