



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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**HMOs' ASSETS, LIABILITIES, EQUITY,
CAPITAL STOCK, REVENUES INCREASE,
AS NET INCOME DECREASE IN 3Q 2021**

Based on unaudited interim financial statements submitted by twenty-eight (28) health maintenance organizations (HMOs), said industry's assets grew 27.59% year-on-year, from ₱49.54 billion as of the quarter ending on 30 September 2020 ("3Q 2020") to ₱63.21 billion as of the quarter ending on 30 September 2021 ("3Q 2021")

"The 27.59% growth in the HMOs' assets is primarily driven by a corresponding growth in the value of the industry's investment portfolio despite the decrease in Cash and Cash Equivalents by 7.14%. Investments in Subsidiaries, Associates, & Joint Ventures and Investments in Property increased by a staggering 3,763.99% and 1,446.53%, respectively. Moreover, Financial Assets at Fair Value through Profit or Loss (FVPL) and HMOs' Deferred Tax Assets increased by 75.43% and 168.75%, respectively" said Insurance Commissioner Dennis Funa.

Meanwhile, total equity likewise increased by 17.24%, year-on-year, from ₱12.99 billion in 3Q 2020 to ₱15.22 billion in 3Q 2021.

"According to the unaudited reports, this increase in total equity was due to an increase in Retained Earnings by 14.45%, which comprise 77.28% of HMOs' total equity for 3Q 2021," Commissioner Funa noted.

The industry's total liabilities also increased by 31.27%, from ₱36.55 billion in 3Q 2020 to ₱47.98 billion in 3Q 2021.

"This was due to the increase in Health Plan Liabilities, Administrative Services Only (ASO) Fund, and Deferred Tax Liability by 138.66%, 88.13%, and 8,302.90%, respectively. The industry's Unearned Membership Fees (i.e., advance payment of fees for services not yet provided) grew by 9.69% compared to the same period last year," stated Commissioner Funa.

Notably, the industry's Capital Stock increased by 17.21% from ₱2.75 billion in 3Q 2020 to ₱3.22 billion in 3Q 2021. Total Revenues slightly grew by 2.61% year-on-year, from ₱38.27 billion in 3Q 2020 to ₱39.27 billion in 3Q 2021.

Conversely, the HMO industry's Total Net Income contracted year-on-year by 40.87%, from ₱6.77 billion in 3Q 2020 to ₱4.00 billion in 3Q 2021.

“This substantial decrease in the Total Net Income is driven by the 11.95% increase in Total Expenses notwithstanding the 2.61% increase in Total Revenues, year-on-year. Total Revenues increased in 3Q 2021 because of the 2.90% growth in Membership and Enrollees’ Fees and the 46.38% increase in ASO Network Access and Processing Fees. In the meantime, Total Expenses (including income tax) increased by 11.95% because of the increase in Healthcare Benefit and Claims by 23.67% from ₱19.2 billion in 3Q 2020 to ₱23.8 billion in 3Q 2021,” Commissioner Funa explained.

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.



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