



Republic of the Philippines  
Department of Finance  
**INSURANCE COMMISSION**  
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Manila



**PRESS RELEASE**  
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**HEALTH MAINTENANCE ORGANIZATIONS'  
(HMOs) AGGREGATE NET INCOME GROWS  
BY 463.75% AS OF 31 DECEMBER 2020**

As of the quarter ending on 31 December 2020 (“4Q 2020”), health maintenance organizations’ (HMOs) total net income grew by a staggering 463.75% based on unaudited interim financial statements submitted by twenty-five (25) out of twenty-nine (29) HMOs.

“Based on these unaudited reports, the HMO industry’s total net income jumped from ₱1.26 billion as of the quarter ending on 31 December 2019 (“4Q 2019”) to ₱7.12 billion as of 4Q 2020. This may be explained by the 10.2% decrease in the industry’s total expenses against its increasing revenues,” remarked Insurance Commissioner Dennis Funa.

“It should be pointed out, though, that the HMOs have shouldered a significant amount of the COVID-19 private medical expenses,” Funa added. “The figures we are seeing now reflects the temporary changes in the behavior of the general public. It appears that people are deferring or postponing, if they can, medical procedures. But definitely this is just temporary. When the opportunity affords it, people will have their medical check-ups and procedures,” Commissioner Funa clarified.

“Notwithstanding this, however, seven (7) companies reported a decrease in their net income ranging from 23.00% to 729.22%,” 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 37.53% from ₱43.08 billion as of 4Q 2019 to ₱59.25 billion as of 4Q 2020. The industry’s total liabilities, on the other hand, rose to ₱45.53 billion, which comprises a noticeable 27.98% increase from ₱35.57 billion as of 4Q 2019.

“It will be noted that 33.13% of the total liabilities were under unearned membership fees, which refer to fees paid in advance to the HMO industry for services not yet provided,” Commissioner Funa explained.

Meanwhile, the industry's total equity also jumped a remarkable 82.74%, from ₱7.51 billion as of 4Q 2019 to ₱13.72 billion as of 4Q 2020.

"The positive change in the industry's equity may be attributed to the 59.47% increase in retained earnings, which comprises 77.05% of the total equity. However, it should also be noted that the HMO industry's capital stock decreased by 2.85% year-on-year, from ₱2.86 billion as of 4Q 2019 to ₱2.78 billion as of 4Q 2020," said Commissioner Funa.

In terms of total revenues earned by the HMO industry, total revenues amounted to ₱52.29 billion in 4Q 2020 compared to the previous year's ₱51.56 billion, which translates to an increase of 1.41%.

"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 the increase in the HMO industry's total revenues is mainly driven by its continuously growing total membership, or enrollees' fees, which comprise 97.12% of the industry's total revenues," Commissioner Funa highlighted.

"It may also not be amiss to state that the HMO industry performance for the quarter ending on 31 December 2020 may still change after inclusion of the data yet to be submitted by the four (4) remaining companies," added Commissioner Funa in closing.



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