



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



PRESS RELEASE

19 January 2023

HMOs DELIVER 35.87% MORE HEALTH CARE BENEFITS AND CLAIMS IN Q3 2022 VS. PREVIOUS YEAR

Based on unaudited interim financial statements submitted by twenty-four (24) out of thirty (30) health maintenance organizations (HMOs), said industry paid 35.87% more Health Care Benefits and Claims as of the quarter ending on 30 September 2022 (“Q3 2022”) amounting to ₱31.93 billion vis-à-vis ₱23.50 billion paid as of the quarter ending on 30 September 2021 (“Q3 2021”).

“Accordingly, said growth in Health Care Benefits and Claims paid by HMOs resulted in a 22.14% increase in the industry’s Total Expenses including income tax in Q3 2022,” said Insurance Commissioner Dennis Funa.

“For a more accurate picture, the figures stated in the report were obtained from the same twenty-four (24) companies that submitted their unaudited interim financial statements in Q3 2021. We note that there were twenty-eight (28) submissions in Q3 2021,” he added.

The HMO industry’s Total Assets likewise slightly increased year-on-year by 8.59%, from ₱51.59 billion in Q3 2021 to ₱56.01 billion in Q3 2022. The increase in the industry’s Total Assets is attributable to year-on-year growths in the ‘Cash’, ‘Property and Equipment’, and ‘Other Assets’ accounts by 29.45%, 30.95%, and 53.47%, respectively.

Meanwhile, the industry’s Total Invested Assets, on the other hand, contracted by 19.51% year-on-year, from ₱19.97 billion in Q3 2021 to ₱16.07 billion in Q3 2022.

“This contraction in the HMO industry’s Total Invested Assets in Q3 2022 was a result of year-on-year contractions in the ‘Financial Assets at Fair Value Through Profit or Loss (FVPL)’ account by 6.00%, or by ₱724 million, and in the ‘Cash Equivalents’ account by 47.09%, or by ₱3.4 billion, as compared with Q3 2021,” Commissioner Funa noted.

The HMO industry’s Total Revenues, Total Liabilities, and Total Capital Stock also grew in Q3 2022 as compared with Q3 2021, by 8.51%, 19.53%, and 44.59%, respectively.

The slight increase in 'Membership Fees' by 8.89% year-on-year, or by ₱3.3 billion, which account comprises 96.65% of the HMOs' Total Revenues, was the main driver of the 8.51% increase in the industry's Total Revenues, from ₱38.24 billion in Q3 2021 to ₱41.50 billion in Q3 2022.

Insofar as the 19.53% growth in Total Liabilities from ₱36.94 billion in Q3 2021 to ₱44.16 billion in Q3 2022 is concerned, this is attributable to increases in 'Unearned Membership Fees' (i.e., advance payment of fees for services not yet provided) and 'Accounts Payable' by 20.91% and 27.26%, respectively. 'Health Plan Liabilities', which includes 'HMO Claims Reserve' that consists 16.09% of the Total Liabilities, also increased by 21.67% in Q3 2022 vis-à-vis Q3 2021. Moreover, 'Notes Payable' in Q3 2022 was 465.85% higher in Q3 2022 as compared with Q3 2021, or increased from ₱202 million to ₱1.1 billion during said period.

The increase in Total Revenue notwithstanding, the HMO industry's Total Net Income contracted by 108.32%, from a gain of ₱4.0 billion in Q3 2021 to a loss of ₱333 million in Q3 2022, mainly due to the industry's higher Total Expenses, as previously mentioned.

Also, the HMOs' Total Equity decreased by 19.01% from ₱14.64 billion in Q3 2021 to ₱11.86 billion in Q3 2022. Although the industry's Total Capital Stock grew by 44.59%, or by ₱1.4 billion, its 'Retained Earnings' contracted by 34.69% during the same period.

"The increased delivery of Health Care Benefits and Claims by HMOs in Q3 2022 attests to the industry's firm commitment in providing quality HMO services to its customers. This inspires confidence in the industry's responsiveness to the medical needs of the Filipino people. In addition, this Commission is not unmindful of the fact that HMOs are the second (2nd) largest contributor to COVID-19-related payouts by our regulated entities since the start of the pandemic," Commissioner Funa stated.

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.



ATTY. ALWYN FRANZ P. VILLARUEL

Media Relations Officer

afp.villaruel@insurance.gov.ph