



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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**HMOs' NET INCOME UP BY 137.31%
YEAR-ON-YEAR IN Q3 2024**

The Insurance Commission recently reported that the health maintenance organization (HMO) industry posted a staggering 137.31% growth in its Total Net Income for the quarter ending on 30 September 2024 ("Q3 2024") as compared with the same quarter in 2023 ("Q3 2023").

"The industry recovered from its reported Net Loss of ₱2.15 billion as of Q3 2023 to a positive Net Income on ₱800.86 million as of Q3 2024," said Insurance Commissioner Reynaldo A. Regalado.

"The notable increase in Net Income was driven by a 22.50% growth in the industry's Total Revenue notwithstanding the 15.75% growth in Total Expenses," he added.

"The significant turnaround from Net Loss in Q3 2023 to Net Income in Q3 2024 shows that the HMO industry was able to overcome previous performance challenges and a return to profitability since Q1 2024," Commissioner Regalado also stated.

The report was obtained from unaudited interim financial statements as of Q3 2024 submitted by 27 HMOs, as compared with 28 submissions in Q3 2023.

Total Revenues surged from ₱48.69 billion in Q3 2023 to ₱59.65 billion in Q3 2024, marking an increase of 22.50%. This was mainly due to the 20.65% increase in Membership Fees collected by the industry in Q3 2024, which comprises 95.06% of the industry's revenues.

On the other hand, the industry's Total Expenses (including income tax) widened by 15.75% due to a 14.05% increase in Healthcare Benefit and Claims paid, from ₱40.92 billion as of Q3 2023 to ₱46.67 billion in Q3 2024.

The industry's Total Assets grew by ₱11.80 billion, or by 18.42%, year-on-year, from ₱64.07 billion to ₱75.87 billion. This is attributable to the 16.21% increase in the Membership Fee Receivable, Net account, a 51.81% increase in Cash Equivalents, and a 79.75% rise in Cash in Banks.

Meanwhile, the HMOs' Total Invested Assets, which accounts for 27.16% of the industry's Total Assets, likewise grew by ₱2.14 billion, or by 11.57%, from ₱18.47 billion in Q3 2023 to ₱20.61 billion in Q3 2024. This was driven by a 51.81% rise in Cash Equivalents and a notable 87.47% growth in its Investment in Property and Equipment, year-on-year.

Significant increases in Membership Fee Reserves (by 83.81%) and Claims Reserves (by 33.98%) are the main drivers behind the 19.64% rise in the HMO industry's Total Liabilities, which climbed from ₱53.66 billion in Q3 2023 to ₱64.20 billion in Q3 2024. The Accrued Expenses account likewise increased by ₱1.12 billion. However, Other Reserves significantly contracted by 99.98%, dropping from ₱8.52 billion in Q3 2023 to ₱1.68 billion in Q3 2024.

HMO's Total Equity also grew by 12.11% year-on-year from ₱10.41 billion in Q3 2023 to ₱11.67 billion in Q3 2024. While the industry's Capital Stock, consisting of Share Capital and Subscribed Share Capital, experienced an upward surge of 30.46% amounting to ₱2.09 billion, this growth was offset by a 55.19% reduction in Retained Earnings amounting to ₱1.98 billion. Notably, ten (10) HMOs reported increases in their Capital Stock in Q3 2024.

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