

PHILIPPINE HEALTH INSURANCE CORPORATION

Elevating Care

Enhancing and Innovating Health Care
Services for All Filipinos

ANNUAL REPORT 2022



Vision

“Bawat Filipino, Miyembro. Bawat Miyembro, Protektado. Kalusugan ng Lahat, Segurado.”

Mission

“Benepisyong Pangkalusugan, Sapat at Dekalidad para sa Lahat.”

Core Values

Integridad, Inobasyon, Agarang Serbisyo, Taus-pusong Paglilingkod, Pagmamalasakit, Angkop na Benepisyo, Panlipunang Pagkakabuklod.

ELEVATING CARE: Enhancing and innovating Health Care Services for All Filipinos

Times are changing. The world is evolving into a fast-paced progression, so are inventions, technology, and digitalization affecting our everyday lives dramatically. These enhancements and innovations will continue to be pursued in the future, changing every landscape in society, and health care is just one of them.

PhilHealth understands and acknowledges these transformations, and we continue to be at the forefront of these innovations and enhancements by providing advancements to our existing health care portfolios. These advancements discussed in the Board Accomplishments Report section of this year’s annual report. To highlight one of the various Universal Health Care (UHC) initiatives, the Board approved the Primary Care Provider Network (PCPN) Contracting Arrangement through the Konsulta Package Sandbox, the governing policies for the Comprehensive Outpatient Benefit Package branded as “Konsulta+,” and the standards and requirements for the recognition of third-party accreditation mechanisms in line with incentives under the UHC.

And as we continue to aspire for the health care system to reach new levels of excellence, PhilHealth will continue to drive towards responding to the needs of all Filipinos amidst the changing times and remain true to our commitment to providing every member excellent health care services and benefits.



Contents

Message from the President of the Philippines	2
Message from the Board Chairperson	3
Message from the President and CEO	4
PhilHealth's 27th Year Accomplishments	6
Corporate Governance Statement	11
Commission on Audit	16
Statement of Management's Responsibility for the Financial Statements	22
Statements of Financial Position	23
Statements of Comprehensive Income	24
Statements of Changes in Equity	24
Statements of Cash Flows	25
Notes to Financial Statements	26
Board of Directors	61
Executive Officers	66

From the President of the Philippines



Within the pages of the 2022 Annual Report of the Philippine Health Insurance Corporation (PhilHealth), we not only look into the accomplishments and financial health of this vital institution, but also delve deeper into the legacy of empathy, resilience and compassion – the very essence of humility itself – that defined PhilHealth over the decades.

In taking stock of the countless patients your institution has helped heal – the families whose burden have been lightened, and the individuals who have found renewed hope – we see the tangible results of PhilHealth's commitment to the Filipino people. Truly, PhilHealth's mission resonates deeply within the very core of our society identity, where caring for one another becomes an integral part of our shared values.

As we close this chapter and open a new era in PhilHealth, let us remember that our actions today do not merely influence the trajectory of our individual lives, but collectively shape the destiny of our entire nation. For every instance where PhilHealth steps in to ease the burden of illness or injury, we also perpetuate the essence of bravery, tenacity and hope; of triumph against adversity; and of the indomitable character of the Filipino spirit.

Together, let us build a stronger and more pliant citizenry so that we can usher in a Philippines where no one is left behind and where the flame of hope eternally shines.

Mabuhay ang PhilHealth!

Ferdinand "Bongbong" Romualdez Marcos Jr.
President Republic of the Philippines

MANILA
September 2023

From the Office of the Secretary



Improvement is always welcome, so that, as the UHC Act envisions, all Filipinos are guaranteed equitable access to quality and affordable health care goods and services, and protected against financial risk.

Never forget: we at PhilHealth are stewards of the People's money, funds that we must promptly and efficiently use to pay for health services that save lives. The premium payments of our direct contributors, as well as the subsidy provided by the national government for our indirect contributors, are all meant to pay for benefits. We must disburse as much money as we can actuarially pay for health care benefits.

In reading this annual report, keep in mind that PhilHealth is a "pay as you go" insurance provider. Let us measure our success not by the savings we can add to our reserves, but rather by our ability to pay the health benefits of our members promptly to their health facilities and physicians. Such is our mandate. PhilHealth should take good care of the health care team members - so that they in turn will take good care of PhilHealth members, which under the UHC Act now means all Filipinos.

Finally, there is a game-changer in the UHC Act that has given us a new purpose, one that no less than President Ferdinand Romualdez Marcos, Jr. highlighted in his State of the Nation Address. I am referring to primary care. As we begin a new calendar year of opportunities to support this mandate by and for our people, let us aim for results.

Ang bawat Pilipino, dapat maramdaman ang kalusugan.

Iyan ay dahil ang Bawat Buhay ay Mahalaga.


Teodoro J. Herbosa, MD
Secretary of Health



From the President and CEO

The path to Universal Health Care (UHC) has once been arduous and challenging. Thanks to the commitment of the entire PhilHealth workforce, and the support of stakeholders, health partners, and the Government at all levels, the route now teems with clarity, assurance, and purpose.

Much like the nation's resurgence from COVID-19 pandemic, PhilHealth programs, benefits, and services thrive and continue to prosper owing to deliberate strategies, effective execution of processes, and a workforce that has the heart and relentless drive for excellent service.

This year, the Filipinos have spoken about their delight in PhilHealth services. The Corporation has received high praise from its members – netting a 93.75% Satisfaction Rating as evidenced by the survey conducted by Novo Trends PH, Inc. In this regard, I applaud my PhilHealth family for treading the challenging times with efficient performance, thus, elevating the standards by which excellent public service is determined.

PhilHealth has also cemented its place as the country's premiere health insurer. This year, our benefit claims expenses increased by 2.4% at Php143.56B which is equivalent to almost Php2.8B per week.

Not only we empower members financially, we also make sure that our benefits are easily accessible in our accredited facilities. In 2022, close to 11,000 health facilities helped us in dispensing PhilHealth benefits to some 65 million beneficiaries under our care.

The pandemic has taught us a lot, especially in the aspect of health. Now, Filipinos are provided with an opportunity to avail of preventive health services that can help them address illnesses at their early stages, if not altogether avoid them.

By registering in PhilHealth Konsulta, every Filipino, as well as their qualified dependents, can access primary care services for free! In 2022, almost 1,700 were accredited as Konsulta hubs last year. This number will surely increase next year as we start to engage primary care provider networks for a more efficient registration and availment of primary care services paid for by Konsulta.

The providers within the networks will act as navigators that will provide every Filipino with proper guidance on how to go about their health conditions within the health care delivery system.

Despite the limitations imposed by the pandemic and suspension of premium adjustments, PhilHealth was able to collect almost P217 billion in contributions last year. These contributions, coupled with funds from the Philippine Amusement and Gaming Corporation and Philippine Charity Sweepstakes Office, will give way to benefit expansions starting 2023.

We are not strangers to tough times, adversities, and challenges. I laud you, my colleagues, for welcoming and overcoming these for they embolden us – inspiring us to become better, stronger, and smarter than yesterday.

I salute you all for a job well done. Mabuhay ang PhilHealth at ang sambayanang Filipino!


EMMANUEL R. LEDESMA, JR.
President and Chief Executive Officer



2022 Operational Highlights



PhilHealth's CY2022 Highlights of Accomplishments

PhilHealth has continuously helped its members over the years, remaining steadfast in its commitment to ensuring that every Filipino has access to the entire range of necessary, high-quality health care services.

Guided by its mandate under the National Health Insurance (NHI) Act, the Universal Health Care (UHC) Act, NEDA's *Ambisyon 2040* vision and Philippine Development Plan, and the DOH's National Health Sector Strategy, PhilHealth envisions a universal health care system that protects the poor and the underprivileged from the high cost of health care services.

Despite the Covid-19 pandemic making the last three years difficult, PhilHealth persisted and saw to it that UHC and its goals gained momentum. Through ongoing membership coverage and prompt payment of claims benefit, PhilHealth remained ever-receptive to the health care requirements of Filipinos without losing sight of its objective of assuring *"Bawat Filipino, Miyembro; Bawat Miyembro, Protektado; Kalusugan ng Lahat, Segurado"*.

President R. Ferdinand Marcos Jr. spoke about the need for a more robust health care system at his SONA in 2022. He emphasized the importance of bringing medical care closer to the masses rather than waiting for them to visit hospitals or drive great distances to receive care. To ensure that every Filipino, even those in remote locations, will be able to access medical treatments, PhilHealth strengthened its accreditation efforts and enhanced its primary care benefits in response to the mandate.

Population Coverage

All Filipinos Covered

PhilHealth aims for a dynamic program that will ensure every single Filipino has access to a systematic health care system.

Today, the National Health Insurance Program (NHIP) as a result of the Universal Health Care (UHC), ensuring PhilHealth's coverage rate of 100%, now automatically insures all Filipinos. The estimated population of the nation in 2022 was 111,572,254 Filipinos. As a result, close to 112M Filipinos are guaranteed prompt access to PhilHealth's benefit packages as a result of Universal Health Care (UHC).

The Corporation also routinely tracks the Registration Rate to the NHIP beneficiaries recorded in the PhilHealth database in order to ensure that all Filipinos are enrolled in it. Out of the estimated population of the PSA for 2022, 104M Filipinos, or 93% of them, were registered with PhilHealth as 31 December 2022. Following is a breakdown of the 104M registered:

Registered Members and Dependents

As of December 31, 2022

Membership Category	Members	Dependents	Beneficiaries (Total)
Direct Contributors	35,305,072	29,749,054	65,054,126
Employed: Private	17,114,873	12,434,149	29,549,022
Employed: Government	2,861,807	4,094,640	6,956,447
Informal / Self-Earning	10,527,770	9,559,109	20,086,879
OFWs / Migrant Workers	3,300,824	2,517,998	5,818,822
Lifetime Members	1,416,433	1,091,029	2,507,462
<i>Kasambahay</i>	75,011	48,286	123,297
Others*	8,354	3,843	12,197
Indirect Contributors	23,721,597	15,322,860	39,044,457
Indigents / NHTS-PR**	13,674,602	11,754,805	25,429,407
Senior Citizens	9,093,455	2,658,203	11,751,658
Sponsored Program	953,540	909,852	1,863,392
Total	59,026,669	45,071,914	104,098,583

Sustaining the Program: Premium Collections

A testament to its dedication in strengthening the premium collection program, PhilHealth always finds ways to address any challenges that might slow down the progress of any of its project.

Despite the postponement of the projected premium increases for 2022, which undoubtedly had a negative impact on PhilHealth's collection efforts and may have slowed down UHC deadlines, PhilHealth was still able to collect premium payments totaling more over Php216 billion for 2022 despite this adjustment.

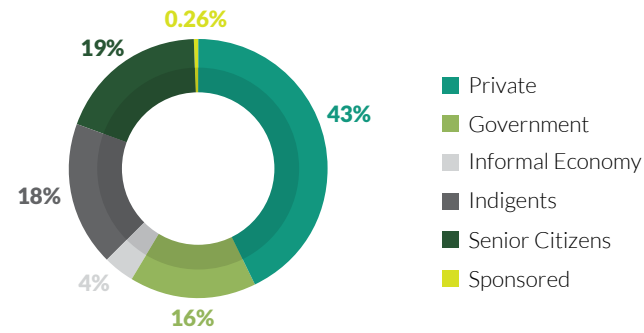
In comparison to the Php186 billion collected (as restated) in 2021, this represents a 16% increase. The breakdown of the distribution of the Php216B is as follows: Direct Contributors make up roughly 63% of the total, while Indirect Contributors make up 37%.

Premium Contributions

Membership Category	Amount
Direct Contributors	Php 136,715,403,725
Employed: Private	92,446,533,786
Employed: Government	35,528,325,450
Informal Economy	8,740,544,489
Indirect Contributors	Php 80,064,452,340
Indigents / NHTS-PR	38,237,655,000
Senior Citizens	41,318,550,000
Sponsored*	508,247,340
Total	Php 216,779,856,065

Note/s:
*Includes Special Government Programs (PAMANA and Bangsamoro), NGAs, POS, PWD-unemployed, LGU, etc.
Source: Financial Statements as of December 2022

% Distribution by Membership Category



Assured Access to Health care Services

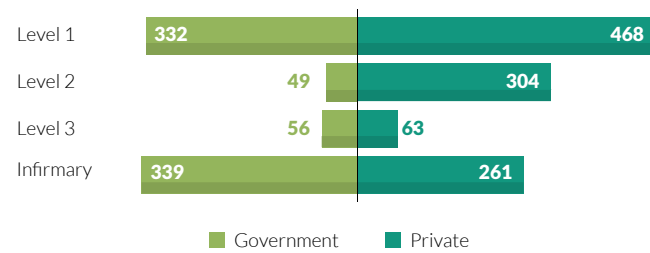
Expanding its reach to quality and accessible health care, PhilHealth assures every Filipino shall be immediately eligible for and have access to all types of medical care, including palliative, curative, rehabilitative, and preventive care. Therefore, it is crucial that licensed facilities are accessible to offer medical treatments when necessary.

In 2022, PhilHealth accredited a total of 10,897 health care facilities nationwide. This increased by 9% from 2021. The list of health care facilities accredited by PhilHealth include:

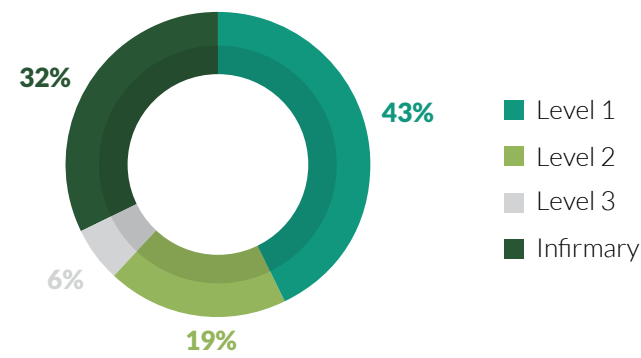
- Hospitals
- Infirmaries/Dispensaries
- Animal Bite Centers
- Ambulatory Surgical Clinics
- Drug Rehabilitation Centers
- Free-Standing Dialysis Clinics
- Family Planning Providers
- Konsulta Providers
- Maternity Care Package Providers
- Outpatient HIV/AIDS Centers
- Outpatient Malaria Providers
- TB-DOTS Providers
- Covid-19 Testing Laboratories
- Covid-19 Community Isolation Units
- Covid-19 Home Isolation Benefit Package

A total of 1,872 hospitals nationwide received accreditation in 2022. Additionally, of the 1,872 hospitals, 59% are private facilities, while the remaining 41% are all public facilities.

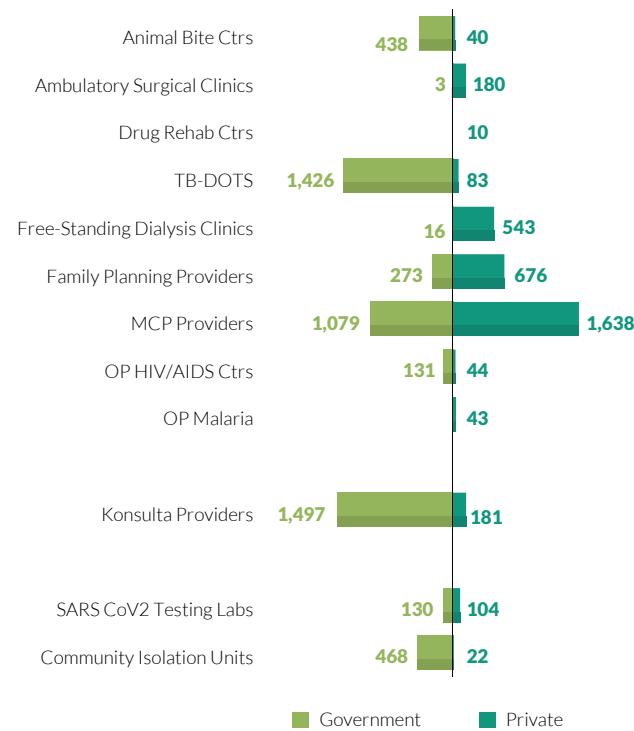
Accredited Hospitals



% Distribution of Accredited Hospitals



In addition to hospitals, PhilHealth has accredited 9,025 health care facilities that provide specific benefits and services. From this figure, there were 234 accredited COVID-19 testing facilities and 490 COVID-19 Community Isolation Units (CIUs).



In 2022, there were 43,528 accredited health care professionals. The remaining 3,723 are a combination of dentists (695), nurses (71) and midwives (2,957).

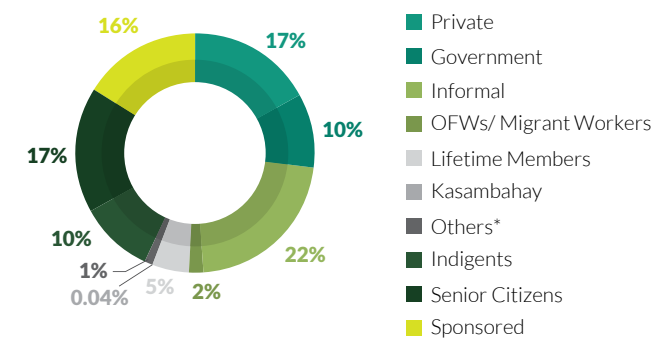
Prompt Claims Processing

PhilHealth remains committed to paying hospital claims that are legitimate and in compliance with laws and regulations. The average Turn-Around-Time (TAT) for claims that have been received, re-filed, and paid in 2021 is 40 days, which is very good given the current crisis and the 60-day processing limit. The average TAT for PhilHealth was 29 days in 2022, an improvement of 11 days.

In terms of actual benefit utilization, there were 13,893,856 claims paid in 2022. This amounts to more than Php129 billion. Informal or Self-Earning Individuals topped claims utilization at 22%, followed by Private Employed at 18% and Senior Citizens at 17%.

Membership Category	Claims Amount	Claims Count
Direct Contributor	Php 71,268,128,643	7,977,744
Employed: Private	22,816,805,794	2,432,067
Employed: Government	10,603,194,624	1,355,766
Informal/Self Earning	25,230,920,052	2,991,645
OFWs/ Migrant Workers	1,856,254,685	296,163
Lifetime Members	9,473,522,147	724,513
Kasambahay	54,539,800	5,970
Others*	1,232,891,541	171,620
Indirect Contributor	Php 58,361,491,582	5,916,112
Indigent/NHTS PR	11,908,260,317	1,453,929
Senior Citizen	28,544,845,131	2,296,221
Sponsored	17,908,386,135	2,165,962
Total	Php 129,629,620,225	13,893,856

% Distribution by Claims Count



Overall, claims received or re-filed with PhilHealth between January 1 and December 31, 2022, were processed in 29 days or fewer. Despite the logistical difficulties posed by the pandemic, the Corporation was able to process claims within the mandated 60 days processing time.

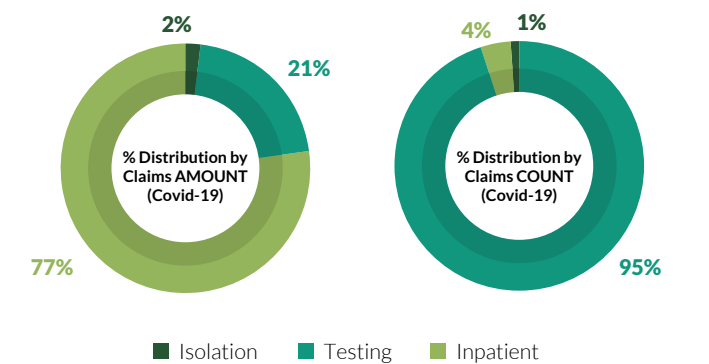
Pandemic Response: COVID-19

It's been two years since the country was hit by the COVID-19 pandemic but the Corporation is still committed to contributing to the nation's goal of containing and addressing the ongoing pandemic, according to the National Action Plan for COVID-19, by ensuring the continuous provision of benefit packages for testing, community and home isolation, and inpatient care that protect all Filipinos from catastrophic health spending. In 2022, PhilHealth paid over 3.2 million COVID-19 related claims totalling over Php35.4 billion.

Description	Claims Amount	Claims Count
Isolation	Php 736,830,423	32,939
Community Isolation Package	734,066,586	32,702
Admissions Referred to the ICU from Higher Level Facilities for Step Down Care	1,858,536	84
COVID-19 Home Isolation Benefit Package	905,301	153

Inpatient	Php 27,177,262,519	130,136
Full Financial Risk Protection - Health Workers	1,082,497,250	6,738
Mild Pneumonia (Elderly or with Comorbidities)	1,003,771,808	23,753
Moderate Pneumonia	8,033,275,865	60,398
Severe Pneumonia	7,743,244,874	25,190
Critical Pneumonia	9,297,063,822	13,320
Intermediate Package - Moderate Pneumonia	9,420,080	526
Intermediate Package - Severe / Critical Pneumonia	7,988,820	211
Testing	Php 7,448,556,982	3,097,588
All Services and Supplies for the Testing are Provided by the Testing Laboratory	5,512,754,983	1,792,569
Test Kits are Donated to the Testing Laboratory	1,557,169,291	937,921
Test Kits are Donated to the Testing Laboratory, Cost of Running the Laboratory and the RT-PCR Machine For Testing are Subsidized by the Government	202,649,005	237,881
All Services and Supplies for Testing are Procured and Provided by the Testing Laboratory	109,410,274	45,758
PCR Cartridges are Donated to the Testing Laboratory	28,778,657	34,270
PCR Cartridges are Donated to the Testing Laboratory; Cost of Running the Cartridge-Based PCR Test is Subsidized by the Government	37,790,770	49,181
Facility Based COVID-19 Rapid Antigen Test	4,000	8
Total	Php 35,362,649,924	3,260,663

Note/s:
 • Processed using PhilHealth Claims Dashboard extracted January 16, 2023; Claims payment includes all claims paid from January 1 to December 31, 2022
 • Excludes Paid Testing Claims done by Philippine Red Cross (Interim Financing Mechanism)



Financial Coverage

The increase in this year financial coverage exhibited PhilHealth's continual drive to inclusivity and in making sure that every Filipino is covered and protected through the National Health Insurance (NHI) Act.

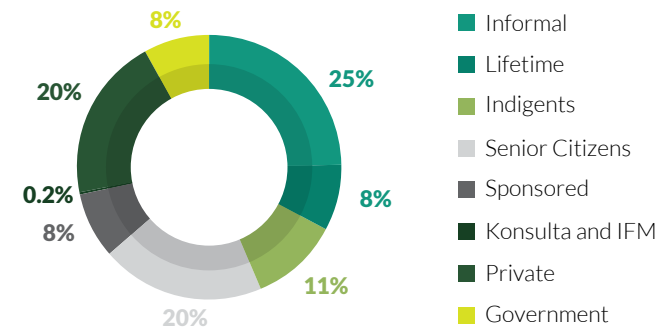
PhilHealth's total benefit expenses in 2022 were at 143.56 Billion, an increase of 3.4 Billion compared from the previous year.

Distribution by Membership Category

Membership Category	Amount
Direct Contributors	Php 86,970,165,112
Employed: Private	28,281,918,690
Employed: Government	11,240,792,473
Informal	36,034,807,436
Lifetime Members	11,412,646,513
Indirect Contributors	Php 56,092,416,694
Indigents / NHTS-PR	15,879,870,523
Senior Citizens	28,695,167,678
Sponsored Program	11,517,378,492
Interim Financing Mechanism (IFM)*	Php 269,004,561
Konsulta	Php 228,816,027
Total	Php 143,560,402,394

Note/s:
 *Payments to Philippine Red Cross (PRC) for COVID-19 tests
 Source: Financial Statements as of December 31, 2022

% Distribution by Membership Category



Corporate Governance Statement

CY 2022 PhilHealth Board Accomplishments

As travel restrictions began to ease, face-to-face work/classes resumed, and the country continued to recover from and rise above the effects of the Coronavirus Disease 2019 (COVID-19) pandemic, the PhilHealth Board of Directors, being the highest policy-making body of the Corporation, remained anchored on its primordial duty of ensuring good corporate governance in PhilHealth.

The Board continued setting policy directions, monitoring the implementation of the National Health Insurance Program (NHIP), and overseeing Management actions. Just like in the past years, ensuring financial risk protection for all Filipinos in accordance with the Universal Health Care (UHC) Act was the Board's top priority.

By the end of 2022, a total of 15 Regular Board Meetings, six (6) Special Board Meetings, and 27 Board Committee Meetings were held, resulting in the issuance of 78 PhilHealth Board Resolutions (PBRs) covering various areas of concern.

Benefits Delivery (COVID-19 packages and other benefits)

The Board, in light of the ongoing COVID-19 pandemic, instituted key changes in the existing COVID-19 benefit packages and introduced several new packages to address the pressing health needs of the public.

The Board approved the COVID-19 Rapid Antigen Test (RAT) Benefit Package and approved the acceptance of RAT and saliva-based RT-PCR test, as confirmatory tests for benefit avancement purposes. The said benefit package, priced at Php500 as later determined by the Department of Health (DOH)-Department of Trade and Industry (DTI)-PhilHealth technical working group, has given symptomatic patients who are either under home/community isolation or admitted in hospitals or infirmaries an option that is significantly cheaper and yields quicker results than an RT-PCR test. Aside from creating financial incentive for providers, this new benefit package likewise offered better accessibility, especially for patients in remote and surge areas where laboratory capacity may be insufficient and where RT-PCR tests are not always readily available.

The Board revised the case severity definitions for the existing COVID-19 inpatient packages by expanding the benefit coverage to pediatric cases and moderate cases without pneumonia. Moreover, following the alignment with the existing DOH guidelines on identifying case severity, any gap on benefit avancement resulting from the previous guidelines is expected to be addressed.

Another revision approved by the Board was on the COVID-19 Home Isolation Benefit Package. The specific revisions state that the minimum length of stay and other standards shall be made in accordance with the applicable guidelines set forth by the DOH, and that the package will be available to all patients who test positive for COVID-19 through any of the PhilHealth-approved confirmatory tests.

In response to the clamor among Overseas Filipino Workers (OFWs), the Board approved the continuing coverage of SARS-CoV-2 testing benefits package for returning OFWs and Filipino nationals aged 18 and above, in accordance with Inter-Agency Task Force (IATF) Resolution No. 168, s. 2022.

Furthermore, in recognition of the critical role of frontline workers in the fight against COVID-19, the Board approved the continuation of the full financial risk protection for Filipino health care and non-health care workers who contracted COVID-19 during the public health emergency. This guaranteed that PhilHealth will fully cover the cost of their hospitalization in any government or private facility, regardless of their employment status.

In mid-2022, the Board likewise approved the increase in the number of reimbursable hemodialysis sessions from 90 to 144 sessions per patient for CY 2022, easing the socio-economic burden of thousands of patients afflicted by end-stage renal disease, most of whom undergo the procedure thrice a week.

In the last quarter of the year, the Board adjusted the package rates of the Z Benefits for selected orthopedic implants and approved the coverage of additional implantable devices. Once the implementing guidelines are issued, patients who require orthopedic surgeries are expected to greatly benefit as they undergo rehabilitation since the package rates would be increased from 53% to as high as 252% than the original rate. The coverage of additional implants also guarantees that more patients will be covered and that out-of-pocket expenditures, usually caused by the cost of implants that push them to stay longer in the hospital, will be significantly decreased.

The Board also approved the revision of the nationwide implementation of Debit-Credit Payment Method (DCPM), a payment mechanism adopted by the Corporation to facilitate the prompt settlement of accounts payable to health care facilities (HCFs) during the state of public health emergency due to the COVID-19 pandemic. In the revised guidelines, the scope was changed to cover in-process claims filed until February 15, 2022. The eligibility criteria were likewise amended to state that HCFs who already availed of any or all of the previous DCPM implementation may avail regardless of the recorded percentage of reconciliation.

UHC initiatives

To promptly implement key UHC Act deliverables, the Board initiated the creation of the PhilHealth UHC Surge Team, led by a designated acting senior Vice-President. This team shall exclusively focus on and lead the strategic accomplishment of UHC Act health financing reforms relating to the development of UHC guaranteed benefits and the complementary payment schemes, institutionalization of supportive processes and mechanisms, and spearheading and rationalization of technical assistance support and pilot implementation with relevant local government partners and other stakeholders.

In preparation for the various UHC initiatives, the Board approved the Primary Care Provider Network (PCPN) Contracting Arrangement through the Konsulta Package Sandbox, the governing policies for the

Comprehensive Outpatient Benefit Package branded as "Konsulta+," and the standards and requirements for the recognition of third-party accreditation mechanisms in line with incentives under the UHC.

The Board also approved the Benefit Plan for CY 2023-2025 as well as the Php34.99B CY 2023 budget proposal for the purpose. The CY 2023-2025 Benefit Plan laid down the list of improved benefit packages that will be rolled out by the Corporation using the funds from Philippine Amusement and Gaming Corporation (PAGCOR) and Philippine Charity Sweepstakes Office (PCSO) in accordance with Section 37 of the UHC Act. In relation thereto, the Board approved the joint circular on the guidelines operationalizing the allocations/appropriations under the said section, and authorized the President and Chief Executive Officer to sign the said issuance on behalf of the Corporation. Thereafter, Joint Circular No. 0001, s. 2022 was issued by the Department of Budget and Management (DBM), Department of Finance (DOF), DOH, PAGCOR, PCSO and PhilHealth.

Investment Dispositions

The Board approved the Management-proposed pool/basket of qualified corporate bonds for investments, consisting of 20 outlets, and delegated the authority to the Management for the actual investment disposition, approval, and execution on the purchase of any bond within the approved pool, subject to timely reporting to the Board immediately after the actual purchase. This initiative was made to enable PhilHealth's participation in corporate bond issuances, which are only offered within a fixed period, and to take advantage of the competitive interest rates being offered by the investment-grade securities and comparable government securities.

In the first quarter of the year, the Board approved the Corporation's participation in the Asset Liability Management Committee (ALCO) of various government financial institutions. Said committee, which includes other GOCCs such as GSIS, SSS, and Pag-IBIG, is chaired by the DOF. The ALCO is responsible for monitoring current investment exposures of the GFIs in private corporations and conglomerates, including their subsidiaries and affiliates, and for reviewing current investment exposure limits periodically and refining said limits, if necessary.

Consistent with the recommendation of the DOF-ALCO, and in order to take advantage of the corporate bonds and other securities offerings, including stocks or equities investments that can enhance the overall yield, the Board approved the removal of mining, quarrying and gaming from the negative list provision of the Corporation's investment guidelines. Upon further advice of ALCO, the Board likewise lifted the restriction to invest in conglomerates with exposure to liquor but have other diversified industries and businesses, specifically, Alliance Global, Inc. and San Miguel Corporation. With the possibility of maximizing potential investment returns, the Corporation will be able to provide better financial risk protection to its beneficiaries. However, the Board deemed it prudent to retain the restrictions on tobacco as supporting the same would not be consistent with the Corporation's mandate of promoting and preserving the health of Filipinos.

Moreover, the Board revised the single company exposure limit from 20% of issue size to a maximum of 10% of the Total Net Worth of Total Members' Equity of the Corporation (without provision for Insurance Contract Liabilities).

Finance and Procurements

In compliance with Section 31 of the General Appropriations Act of FY 2022, the Board recalled the delegated authority to the President and Chief Executive Officer in approving multi-year contractual authorities (MYCA) and resolved that all MYCAs for various procurements shall be presented to the Board for its approval. This extra layer of scrutiny would ensure that the Program fund is wisely spent and that the options

presented, whenever applicable, are efficient and economical for the government.

The MYCAs approved for 2022 include the partial outsourcing of the 24/7 Contact Center Services for the benefit of the general public, engagement with a qualified ISO 9001:2015 certifying body for the audit certification of the PhilHealth Social Health Insurance Management Systems (PSHIMS) for CY 2022 to 2024, renewal of the lease of office space for PRO NCR Central Branch, Local Health Insurance Office (LHIO) Quezon City and LHIO Mandaluyong, and the lease of warehouse for PRO NCR.

In the spirit of transparency, accountability, and timely and accurate disclosure of the Corporation's financial condition, the Board, through its Audit Committee, judiciously reviewed the CY 2022 Financial Statements (FS) quarterly. These quarterly FS were further scrutinized by the Board en banc, even compared with the figures from the previous years. The Board also provided technical guidance in finalizing the report and approved, en banc, the CY 2021 FS with a net operating income of Php32.84 billion and a reserve fund of Php177 billion at the end of the fiscal year, which is 9% and 25% higher than the previous year's figures, respectively.

In compliance with reportorial requirements, these FS were submitted to regulatory bodies and other concerned users such as Commission on Audit, DOF, Insurance Commission, and Governance Commission for GOCCs (GCG).

In view of the Corporation's exemplary financial performance for CY 2021, the Board issued a resolution commending the entire PhilHealth workforce, regardless of employment status, for their dedication and tireless service that contributed, directly or indirectly, to keep the Program fund healthy, robust, and sustainable.

The Board likewise carefully scrutinized the supplemental budget presented by the Management, resulting in the decrease of the proposed budget from Php626,580,847 to Php526,396,940. This is a testament to the Board's commitment to only include the truly needed expenses in the approved supplemental budget. The Corporate Operating Budget (COB) for CY 2023 was also scrutinized and lengthily discussed by the Risk Management Committee to assure the public that no unnecessary expenses were included, the funding of critical projects was adequate, and that the budget allocations were logical, correct and truthful.

To ensure adequate funding of the Program and the continued coverage of members under the Indirect Contributors Sector, which includes, among others, those under the National Household Targeting System (NHTS) and Senior Citizen categories, the Board approved the proposed government subsidy for indirect contributors for FY 2023 amounting to Php134,745,179,400.

Accreditation

In view of the need to decentralize certain functions of the Accreditation Appeals Review Committee, the Board approved the additional functions of the Regional Accreditation Committee (RAC). These functions include the power to deliberate applications for accreditation, recommend the withdrawal of accreditation and lifting of the withdrawal order, and deliberate motions for reconsideration for select conditions.

The Board also approved the grant of honoraria to external private members of the RAC who act as resource persons, subject to the availability of funds and the usual budgeting, accounting and auditing rules and regulations.

Legal and Anti-Fraud Initiatives

Vested with quasi-judicial powers, the Board, through its Committee on Appealed Administrative Cases against Health Care Providers (CAAC), reviewed 1,506 counts of administrative cases against erring health care institutions and professionals for violations of R.A. No. 7875, as

amended by R.A. Nos. 9241 and 10606, and its Implementing Rules and Regulations. The violations are itemized as follows:

- a. 1,476 counts of Breach of the Warranties of Accreditation/ Performance Commitment;
- b. 20 counts of Misrepresentation by Furnishing False or Incorrect Information; and
- c. 10 counts of Filing of Multiple Claims.

The Board *en banc* then promulgated 16 decisions involving 11 health care facilities—a stern warning to health care institutions, whether government or private, that unscrupulous activities shall be meted with the corresponding penalties and sanctions within the scope of law.

Considering that some delinquent employers, in certain cases, opt to pay the full amount of premium arrears (including interests and surcharges) or pay the full amount thereof in installment basis to PhilHealth after the complaint has been filed, some personnel of PhilHealth (as complainant) may be authorized to settle the said amounts on behalf of PhilHealth and to execute any necessary pleading or document to cause the settlement of the civil aspect of the case. For this reason, the Board granted authority to Vice-Presidents/Regional VPs, collection heads, and other regular officers and employees, since the said authority is not specifically indicated in any existing rules.

Given that the current organization, configuration and staffing arrangement of the Protests and Appeals Review Department (PARD) in the Head Office are no longer responsive to the needs of the Corporation in handling appeals on denied or reduced benefit claims due to the voluminous number of claims they handle, the Board approved the functional reconfiguration of PARD including the creation of eight (8) additional job order contractor positions therein. By eliminating the processes of consultation and endorsement of voluminous appeals and their supporting documents between the Legal Review Division and Medical Review Division, the productivity and efficiency of the processes in the Department is expected to improve.

Human Resource

Cognizant that it has been more than 15 years since the last time the Corporation implemented a reorganization, the Board, after a series of consultations and correspondence with the GCG, approved the revised Organizational Structure and Staffing Pattern (OSSP) of PhilHealth consisting of 9,115 positions. The said OSSP was aligned with the OS developed and prescribed by GCG.

In relation thereto, the Board approved the program design for 3,726 casual employees which includes, among others, the roadmap for the phaseout of non-plantilla positions, continued evaluation of the personal qualifications of existing casual personnel vis-à-vis the remaining vacancies, and provision of support either through coaching, review, and other interventions. These include the coordination with the Civil Service Commission for a special schedule of examination, organizing in-house tutorial and review sessions after office hours with volunteer resource persons as lecturers/reviewers, and enhancement of internal learning and development opportunities for them.

To address the need for additional manpower while the GCG's evaluation of the proposed reorganization is ongoing, 1,004 additional job order contractors positions were created, lodged under the Board-approved CY 2022 supplemental budget. This is also to ensure that the day-to-day operations of the Corporation and critical support systems would not be compromised.

Pursuant to Executive Order No. 150, s. 2021 and the subsequent pertinent GCG authorizations, the Board approved the implementation of the Compensation and Position Classification System (CPCS) to 3,129 regular and 3,726 casual positions in the Corporation. This significantly increased the salary of most employees, especially the executive and managerial officers, making base pay structures finally comparable

or at par with those in the private sector. With the standardization of the compensation package among all GOCCs, it is hoped that the Corporation would be able to attract and retain the much-needed think tanks and exceptional talents in the health financing industry.

Adhering to the principle of equity, and consistent with a COA and DBM Joint Circular which provides that payments of services of individuals hired through job order shall be paid wages equivalent to the daily wage/salary of comparable positions in government, the Board approved the adjustment in the daily remuneration rates of existing job order contractors in the Corporation. As a result, their pay shall also be based on the CPCS salary rates as applied to all existing regular and casual positions.

To maintain a culture of transformative leadership and competence in the Corporation, the Board *en banc* approved the recommendation of its Governance Committee for the appointment of eight (8) Executive and Managerial Officers. The said appointments were made in consonance with the 2017 Omnibus Rules on Appointments and Other Human Resources Actions (ORAOHRA) of the Civil Service Commission (CSC) which requires the PhilHealth Human Resource Merit Promotion and Selection Board for Executive and Managerial Positions to assist the PhilHealth Board in the judicious and objective selection of the candidates.

The Board likewise allocated funds for the overtime pay of job order medical evaluators and adjudicators, in compliance with the directive from Malacañang to fast-track the processing of claims of hospitals.

The Board approved the endorsement to the GCG of the early retirement and involuntary separation incentive for PhilHealth personnel who voluntarily elect to be retired or involuntarily separated from service. The said benefit is on top of retirement or separation benefits under existing laws. The Management shall implement the program within two (2) to three (3) months from receipt of the approval by GCG.

The Board also certified that the duties and responsibilities of five (5) designated heads of special projects or assignments with interim offices are functionally comparable with their supervisory and managerial functions. Thus, they are entitled to receive allowances, benefits, and other incentives such as Representation and Transportation Allowance for their designation, chargeable to available savings and subject to the usual accounting and auditing rules and regulations.

As the disciplining authority of executive and managerial officers in the Corporation, the Board judiciously deliberated and acted upon complaints brought before them.

The Board and its Internal Development

In compliance with GCG requirements, the Board approved the CY 2022 PhilHealth Board Calendar to ensure that meetings are appropriately scheduled and harmonized with the activities of the Management.

The Board Committees were accordingly reconstituted in view of the appointment of other new members of the Board, including the membership of the DOF in the Governance Committee.

The Board constantly endeavored to develop their expertise and knowledge through various learning and development programs. Newly appointed/designated Board Members, for instance, attended the Corporate Governance Orientation Program for GOCCs facilitated by the Institute of Corporate Directors, and the Orientation on Health Care Financing and UHC. Other Board Members attended the Orientation on Health Technology Assessment and Costing Health Services and Advanced Financial Statement Analysis Program.

Putting a premium on the significant relationship between Board performance and organizational effectiveness, the Board, in compliance with the GCG requirement for an annual board performance evaluation, also actively participated during the Board Assessment held on December 20, 2022. The activity aimed to determine their

strengths and areas for improvements in relation to their performance as members of the Board and of their respective committees in the following areas: Board/Committee Membership and Quality, Board/Committee Governance, Oversight Function, Quality of Board/Committee Meetings, Board/Committee Information, Development Programs, Strategic and Risk Management, and Succession Planning. More importantly, the activity aimed to equip the Board with the highest level of good governance standards, which, in turn, will contribute to the attainment of the strategic goals of the Corporation.

Governance, Risk Management and Internal Controls

The Board approved the Revised PhilHealth Manual of Corporate Governance to incorporate changes brought about by the passage of the UHC Act. These include changes in the Board composition, Board qualifications, and training requirements. Further, necessary amendments in relation to new GCG rules and regulations, such as GCG MC No. 2019-01 on the selection and nomination process for the appointive directors of the PhilHealth Board were also reviewed and incorporated. Provisions based on recently-passed PBRs such as the Board Committees and their compositions were also amended.

The Board ensures that PhilHealth abides by the GCG rules and regulations. Toward this end, the Board approved the CY 2023 PhilHealth Performance Scorecard and directed its submission to the GCG for review.

The Board also assures the Corporation's full compliance with the Code of Corporate Governance, its Manual of Corporate Governance and all other rules and regulations in the Corporation. Noncompliance, if any, is brought to the attention of the concerned officials and properly handled in accordance with the existing policies.

With the Audit Committee and Risk Management Committee successfully holding a combined number of 12 meetings in 2022, the Board is confident that risk management systems and internal controls in the Corporation are adequate.

The Project Management Team for Risk Management (PMT-RM), as the risk management arm of the Corporation, regularly reports to the Risk Management Committee. Its accomplishment report, which includes, among others, the Corporation's reported top risks, top fraud risks, risk assessment certification and compliance to the risk information management system, was duly approved by the Committee. The Committee also reviewed and discussed at length various risk descriptions with proposed risk response plans as well as critical risk areas that the Corporation needs to focus on in order to ensure that operations in PhilHealth (i.e., systems processes and procedures) are effective and efficient. The Committee ensures that these critical risk areas are monitored and reported by the PMT-RM, including the status and the implementation of their risk response plans or mitigating actions.

Meanwhile, the Audit Committee, which is responsible for overseeing the adequacy and effectiveness of the Corporation's internal control system, confirmed the audit reports on the following: Hemodialysis Package, HCP-PAS: Medical Post-Audit, MMHR and RFV, Self-Earning Individuals and Professional Practitioners, All Case Rates, PhilHealth Konsulta Package, Process of Enrollment and Accounts Management of 4Ps/MCCT and Listahanan Benefits, Process of Enrollment and Accounts Management of Overseas Filipino Workers/Migrant Workers, Lifetime Member Program, Process of Enrollment and Accounts Management of Employers in the Private Sector, Procurement Process, Procurement of Awarded and Paid Contracts for ICT Resources, Corporate Information Security, Disaster and Emergency Preparedness Program, Risk Management Process, PhilHealth Corporate Dashboard, Paid Contracts for ICT Projects with Similar Names for CY 2016-2020, and Member Information System. The Committee also issued additional directives pertinent thereto.

The Committee also approved the 2022 Revised PhilHealth Internal Audit Charter to conform with both the Internal Auditing Standards for the Philippine Public Sector (IASPPS) of the COA and the Revised Philippine Government Internal Audit Manual (RPGIAM) of the DBM.

All in all, the aforementioned processes of the Risk Management Committee and of the Audit Committee ensured that the Board was apprised on the Corporation's risk exposures and risk management activities and that the risk management system and material controls of PhilHealth in 2022 were reviewed.

Concluding Notes

As more and more Filipinos get vaccinated against COVID-19, the number of active cases dip, and as the nation continues to embrace the new normal and co-exist with the virus, the Board recognizes that now is the perfect time to shift into high gear, make up for the delays and limitations caused by the pandemic, and steer the Corporation towards the fulfillment of the promise and noble aspirations of UHC.

Although much had been done in 2022, much more will have to be accomplished in the coming years to attain PhilHealth's vision of "*Bawat Filipino, Miyembro; Bawat Miyembro, Protektado; Kalusugan ng Lahat Segurado.*"

The Board, therefore, shall continue to work hand-in-hand with the Management and equally important rank-and-file employees, and serve with honor and integrity, always bearing in mind that the public they have sworn to serve deserve no less.



Republic of the Philippines COMMISSION ON AUDIT

Commonwealth Avenue, Quezon City, Philippines

CORPORATE GOVERNMENT AUDIT SECTOR Cluster 6 – Social, Cultural, Trading, Promotional and Other Services

July 31, 2023

THE BOARD OF DIRECTORS

Philippine Health Insurance Corporation
Citystate Centre Building
709 Shaw Boulevard
Pasig City

Gentlemen/Mesdames:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree (PD) No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith our report on the results of the audit of the accounts and transactions of the **Philippine Health Insurance Corporation (PhilHealth)**, for the years ended December 31, 2022 and 2021.

The report consists of the Independent Auditor's Report, the Audited Financial Statements (FSs), the Observations and Recommendations, the Status of Implementation of Prior Year's Audit Recommendations, and the Details and Status of Unsettled Audit Suspensions, Disallowances and Charge.

The Auditor rendered a disclaimer of opinion on the fairness of the presentation of the financial statements of PhilHealth in view of the following:

- The faithful representation in the FSs of Provision for Insurance Contract Liabilities (ICL) amounting to P266.873 billion and P339.310 billion as of December 31, 2022 and 2021, respectively, could not be ascertained due to the following factors: a) the completeness and accuracy of the premium and claims data could not be established, thereby casting doubt on the reliability of the reported figures, b) the Actuarial Valuation Report (AVR), which is intended to provide an assessment of the adequacy of the ICL, is not prepared and submitted on an annual basis, and c) the PhilHealth Board of Directors (BOD) did not adequately consider factors related to general purpose financial reporting when approving the final amount of the Provision for ICL, contradicting Insurance Commission (IC) Circular Letter No. 2018-18 dated March 9, 2018, Philippine Accounting Standard (PAS) 1 – Presentation of FSs, and Conceptual Framework for Financial Reporting (CFFR).
- The faithful representation of Premium Contributions, Prior Year's Adjustment and Interest Income accounts in the FSs, with year-ended balances of P216.780 billion, P3.909 billion, and P11.544 billion, respectively, could not be ascertained due to the following factors: a) inclusion of prior years' members' contributions, interest payments and premium payments paid in advance to current year's premium income by an estimated amount of P558.415 million; b) presence of collection transactions with irregular applicable periods, which introduces complexity in determining the proper allocation of contributions to the corresponding periods, and c) monthly contributions below the required minimum premium per month, mainly attributable to

internal control deficiencies on Accredited Collection Agents (ACAs) collections, thereby affecting the reliability and fair presentation of the relevant account balances as required under Paragraph 15 of PAS 1 – Presentation of FSs and Paragraphs 2.12 and 2.13 of the CFFR.

- The faithful representation in the FSs of Premium Contributions - Direct Contributor account with year-end balance of P136.715 billion could not be ascertained due to the following deficiencies, contrary to the requirements of fair presentation outlined in PAS 1 and CFFR: (a) The absence of Statement of Premium Account (SPA) hinders the validation of premium payments transacted online amounting to P77.199 billion. This limitation in the audit process prevents the determination of the accuracy and existence of remitted collections by ACAs; (b) The interrupted series number of issued electronic PhilHealth Acknowledgement Receipts (ePAR) raises concerns about the completeness of collection from ACAs, which makes it difficult to ascertain whether all premium contributions have been accounted for; and (c) Control deficiencies within the collection process further contribute to the uncertainty surrounding the accuracy and reliability of the Premium Contributions - Direct Contributor account, which highlight weaknesses in the internal control systems and procedures that are designed to safeguard the integrity of the collection process.
- The faithful representation of the Provision for Health Benefits— Incurred but not Reported (IBNR) account with a year-end balance of P95.099 billion is doubtful due to significant risks of misstatement resulting from unexpended balances of accrued liabilities between 2018 and 2021, ranging from P8.808 billion to P37.722 billion, which runs counter to the required fair and faithful presentation of financial transactions as outlined in PAS 1 and the CFFR. The factors contributing to these risks include issues with the integrity of data from Power BI, a timing difference between the actual payment date of claims and the date claims were tagged as paid under the Debit-Credit Payment Method (DCPM), the incorporation of appealed claims into regular claims, and a lack of regular back testing and follow-up.
- The Financial Liabilities – Accrued Benefit Claims Payable (ABCP) – In Course of Settlement (ICS) account with a balance of P35.420 billion as of December 31, 2022 is misstated by an unidentified amount due to the non-application of the Pay Whichever Is Lower (PWIL) policy in the determination of payable amounts, which also resulted in the misstatement of the account Provision for Health Benefits by an unidentified amount, contrary to the requirement of fair presentation of accounts under PAS 1.

In addition, there are other issues that further compromise the accuracy of the account which include: (a) The absence of a well-defined policy on the proper accounting of prior years' ICS claims resulted in the failure to assess the reasonableness of the unexpended balance of ICS from prior years, amounting to P17.161 billion; and (b) presence of irregularities in the CY 2022 admissions, including (i) 6,798 claims amounting to P63.985 million from 3,380 unique

PhilHealth Identification Numbers (PINs) but different member names; (ii) 710 claims amounting to P6.388 million from 355 members with two different PINs; and (iii) 1,583 claims amounting to P4.632 million with irregular or incomplete entries/data due to the absence of system controls. These issues increase the risk of misstatement of the account, hence, cannot be considered to have represented fairly the subject transactions as required under PAS 1.

- In PhilHealth Regional Office (PRO) National Capital Region (NCR) and Rizal, the fair presentation of the Members' Benefits, Accrued Benefits Payable - ICS, Provision for Health Benefits- IBNR, and Retained Earnings (RE) accounts with year-end balances of P216.780 billion, P35.640 million, P95.099 million, and P26.043 million, respectively, could not be reasonably established due to improper recognition of DCPM funds released to various Health Care Institutions (HCIs) during the CY 2022 for Tranches 2 to 4, totaling P5.241 billion, which is inconsistent with Paragraph 15 of PAS 1.
- The fair presentation of Allowance for Impairment accounts pertaining to financial assets in the total amount of P24.374 billion as of the calendar year ended December 31, 2022, could not be ascertained due to the following factors, which are inconsistent with paragraph 15 of PAS 1, and Qualitative Characteristics 26 of the CFFR: (a) the prevailing policy for establishing an allowance for doubtful/uncollectible accounts receivable has not been updated to align with the existing process resulting in inconsistent application of accounting treatment and conflicting disclosures in the Notes to FSs; (b) the accuracy of the Expected Credit Loss (ECL) computed for Contribution and Premium Receivable amounting to P2.353 billion is doubtful as the actual outstanding receivable per member/employer has not been established. Likewise, the Corporation's collection efficiency ratio, which is a critical measure of the corporation's ability to collect outstanding receivables, could not be accurately determined as the actual outstanding receivable was not used as a denominator; and (c) inadequate disclosures in Notes to FSs hindering users' ability to assess the amounts, timing, and uncertainty of an entity's future cash flows, particularly relevant in the context of ECL of financial assets.
- The faithful representation of the Financial Liability, Cash in Bank (CIB) and RE accounts amounting to P57.634 billion, P950.450 million and P26.043 billion, respectively, could not be ascertained due to the incomplete documents supporting the Journal Entry Vouchers (JEVs) may not be sufficient to ascertain the validity of the related transactions impacting the Accounts Payable (AP) – Maintenance and Other Operating Expenses and RE accounts that are inconsistent with the requirements outlined in Paragraph 15 of PAS 1.
- The reliability of the Financial Liabilities –ABCP – ICS –RTH account, with a year-end balance of P3.349 billion is doubtful due to the presence of 94,625 claims amounting to P1.450 billion that were returned to HCIs beyond the 60-day TAT prescribed by the National Health Insurance Act. In addition, 664 claims amounting to P3.649 million were found to have irregular entries or data, which do not accurately represent the actual transactions required under PAS 1. The absence also of a well-defined policy and sufficient controls to regulate these transactions poses a significant risk of unreliable balances, unsettled liabilities, and decreased operational efficiency in the processing and payment of claims.
- In PRO NCR and Rizal, the fair representation of the AP-Benefits Claims Processed (BCP) amounting to P7.656 billion could not be ascertained due to the following deficiencies: (a) the summary of benefit claims processed, which serves as the basis for the recognition of the Journal of Benefit Payment, is not reconciled with the detailed Auto Credit Payment Scheme (ACPS) and negotiated check data extracted from the NClaims system, provided by the Benefit Administration Section of Branch Offices; and (b) entire reliance on the weAccess facility of Land Bank of the Philippines (LBP) for recognizing benefit payments, instead of payments based on generated checks as extracted in NClaims, has

resulted in the inclusion of 75 outstanding paid benefit claims, which overstates the balances in both the AP - BCP and CIB accounts, with an amount of P2.561 million, thereby affecting the reliability and fair presentation of the AP-BCP account balance as required under Paragraph 15 of PAS 1.

- The persistent utilization of fragmented systems for data management, resulting from the delayed implementation of an integrated Information Technology System, manifests a significant weakness in internal control over financial reporting, thus exposing the information presented in the FSs to the heightened risk of misstatements and compromises their integrity and reliability.
- The correctness and propriety of the accrued and paid amounts to Internet Service Provider (ISP) aggregating to at least P44.550 million are questionable due to the absence of supporting documents in the journal vouchers for the accrual of internet expense, lack of documents verifying the discounted billed amount for ISP subscriptions (For Non-Operational Use/Corporate Users), failure to deduct retention fees in one of the payments made, and deficient details in the official receipt (OR) from one of the ISPs.

For the foregoing audit observations which caused the issuance of a disclaimer of opinion, we recommended that Management:

- Direct the Actuarial Services and Risk Management Sector (ASRMS) to:
 - Coordinate with concerned offices on the careful extraction and processing of premium and claims data and provide a margin in the actuarial computation of ICL when necessary, taking into consideration the errors and irregularities contained in the output;
 - Extend the necessary assistance for the development of the system dedicated to actuarial valuation or the procurement of a consultant to increase the reliability of premium and claims data and fully comply with the requirements of applicable financial reporting standards; and
 - Expedite the completion of the AVRs for CYs 2020, 2021, and 2022 and thereafter submit the reports to the IC, furnish the Audit Team copies for reference in audit, and coordinate with concerned offices and agencies to address the manpower complement necessary to properly carry out actuarial valuation and timely comply with reportorial requirements.
- And BOD carefully reconsider the factors involved in selecting a Scenario that will best reflect the amount of projected ICL for PhilHealth.
- Direct the Comptrollership Department (CD), Treasury Department (TD), and Information Technology and Management Department (ITMD) to collaborate and create a robust policy to strengthen the control procedures related to the monitoring, accounting, and review of ACAs' collections, specifically in terms of the period coverage and breakdown of the amounts.
- Direct the CD to determine the exact allocation of ACAs' collections pertaining to prior, future, and current periods, as well as any interest and penalties included in the collections, and prepare the corresponding adjusting entries to reflect the correct balances of the affected accounts in the books.
- Direct the TD to:
 - Actively coordinate with the ACAs to identify and implement measures to avoid manual errors in the submission of collection transactions, which may involve improving the system used by ACAs or working with the ITMD to implement additional controls in the Electronic Collection Reporting System (ECRS) to reduce errors in the applicable periods; and

- b. Coordinate with the concerned ACAs and update the collection transactions in the Treasury Database through the execution of Data Amendment Request Forms, which allow for the correction or adjustment of payment details in the database.
- 2.4 Instruct the TD and CD to properly account for all under-remittances in ACAs collections, which includes ensuring that adjustments are accurately recorded both in the accounts of concerned members for subsequent billing and collection and in the books for complete reporting of income and receivables.
- 2.5 Communicate the minimum premium contribution requirements to ACAs and emphasize the importance of collecting the prescribed amounts from members. Additionally, it was recommended to review and revise Collection and Remittance Agreement as necessary to align with the minimum premium rates prescribed under the UHC Act.
- 2.6 Direct the CD and TD coordinate with the PROs, specifically the PhilHealth Account Information Management Specialists, to monitor under-remittances and determine the appropriate adjustment amount accordingly.
- 3.1 Create a centralized database that serves as a repository for all electronically generated SPAs and securely stores and organizes the SPAs for easy access and retrieval during the audit process. If feasible, PhilHealth Management should explore the possibility of integrating the SPA database with the issued ePAR that can be viewed in the Collection Management Information System, to provide auditors with seamless access to both the SPA and ePAR, enabling them to validate premium collections more efficiently.
- 3.2 Consider revising the current ePAR numbering convention to display ePAR numbers in a continuous and uninterrupted manner, regardless of the transaction date to facilitate the monitoring and reconciliation of premium collections remitted by ACAs through the online scheme.
- 3.3 Embed a system control in Electronic Premium Remittance System (EPRS) and Over-the-Counter Collection System (OTCCS) to enforce users thereof to correct, update and diligently post the premium contributions to facilitate timely posting in the PhilHealth Members Account Information System (PMAIS). Additionally, we recommended strengthening the reconciliation between the PMAIS and EPRS/OTCCS, and, if possible, establishing a linkage between the PMAIS and Treasury Database Editing Module.
- 3.4 Design and implement sound internal controls to ensure the accuracy and completeness of collections from ACAs, which includes establishing control procedures that verify the authenticity and accuracy of electronic receipts issued by ACAs.
- 3.5 Expedite and prioritize the enhancement of the system linkage between the ECRS and the PhilHealth Agents Receipts Management Module, to prevent the erroneous encoding of PAR numbers during the uploading process and avoid the occurrence of duplicate PARs.
- 3.6 Prioritize the reconciliation of balances between the OTCCS and Financial Accounting Reporting Utility (FARU) systems, which involves conducting a thorough review and comparison of data from both systems to identify and rectify any discrepancies.
- 3.7 Develop and implement a comprehensive Standard Operating Procedures as part of the collection process, which should outline clear guidelines and procedures for capturing updates, corrections, and adjustments of data in both the OTCCS and FARU systems and specify responsibilities, timelines, and documentation requirements to ensure that all necessary changes are accurately recorded and reflected in both systems.
- 4.1 Direct the ASRMS, in coordination with Fund Management Sector and relevant departments/offices, to revisit and review its existing methodology for estimating IBNR, including an assessment of the sources of historical data used in the estimation process to ensure that it accurately captures the liability associated with IBNR claims and mitigate the risk of material misstatements in the FSs.
- 5.1 Update the existing guidelines on the accounting of ICS claims to adopt the PWIL policy in determining the payable amount, ensuring consistent use in data extraction and recognition of claims liabilities.
- 5.2 Create a trigger that automatically rejects e-claims that do not have All Case Rate (ACR) amounts or actual hospital and professional fees or have ACR amounts that are not consistent with ACR codes. It is also essential for Management to communicate these system improvements to the HCIs, enabling them to make the necessary adjustments and requirements at their level and with their system provider.
- 5.3 Develop a policy for the proper accounting of prior years' ICS claims including controls for adequate monitoring, reviewing, and evaluating of any unexpended balances.
- 5.4 Consider including a control mechanism to detect claims with inconsistent PIN and member names in their ongoing system development.
- 5.5 Exercise due diligence in the use of extracted reports, including testing the integrity of data before including them in the FSs, given the presence of irregular or incomplete entries and delay in systems development.
- 6.1 Direct the PRO NCR and Rizal to require the Fund Management Section (FMSn) to reconcile and prepare the necessary adjusting entry to correct the noted deficiencies in DCPM releases and reconciliation for Tranches 2 to 4 in CY 2022 so that the Members' Benefits, Accrued Benefit Claims-ICS, and Provision for Health Benefits-IBNR, and Due to Central/Home/Head Office accounts can be accurately stated in the financial reports and submitted to the Audit Team for validation.
- 7.1 Update the policy guidelines on the establishment of an Allowance for doubtful/uncollectible accounts receivable to align with the existing process and introduce the application of ECL. The updated policy should clearly identify the specific responsibilities of both the PROs and Head Office (HO).
- 7.2 Establish a system of monitoring and reporting to ensure compliance with the updated policy guidelines. This system should include regular audits to ensure that the guidelines are being followed and to identify any areas for improvement.
- 7.3 Adopt a more accurate and reliable approach for recording receivables, specifically, using the SPAs that have not been generated and for those that have not been paid but are recorded in the database. Alternatively, the Collection Section should prepare an outstanding receivable based on their records to ensure a more reasonable estimate of outstanding accounts receivable and a reliable computation of the ECL for Direct Contributors.
- 7.4 Implement an automated system that will facilitate the recording and monitoring of premium receivables. This system should be integrated with the Treasury and Collection database and the Membership database to ensure that data is accurately extracted and recorded.
- 7.5 Provide comprehensive information on the computation of ECL for receivable accounts in the Notes to FS to comply with the disclosure requirements stipulated by the Standard and provide users with a better understanding of the ECL computation for receivable accounts.
- 8.1 Direct CD to coordinate with other concerned offices for the submission of complete supporting documents and to provide justification for the noted differences regarding the subject JEVs. Moving forward, CD should ensure that JEVs are supported with complete and substantial documents before recording them in the books.
- 9.1 Develop a policy that will regulate the return and re-filing of deficient claims including the number of times HCIs can refile the same and the timeframe therefor.
- 9.2 Implement controls to ensure compliance with the 60-day TAT, which include regular monitoring of claims processing and payment timelines, tracking of claims that are returned to HCIs, and establishment of penalties for non-compliance.
- 9.3 Create a timeline for system development to mitigate the recurrence of irregular claims. We also reiterate the importance of exercising due diligence when using extracted reports, considering the presence of irregular or incomplete entries and delays in system development, by establishing procedures to test the integrity of data prior to considering it in the FSs.
- 10.1 Direct the PRO NCR and Rizal:
 - Require the Information Technology Management Section (ITMS) to provide FMSn with monthly extracted generated checks from NClaims to identify the checks issued to HCIs that have not been cashed, deposited, or otherwise cleared by the bank and to reconcile the extracted generated checks and ACPS from NClaims with the summary of benefits claims processed.
 - Require the FMSn to refrain from relying solely on the LBP weAccess facility to recognize benefit payments and coordinate with the ITMS to provide the monthly extracted checks as set forth in item C.1 of PhilHealth Office Order No. 0092 s. of 2013, appropriately prepare the bank reconciliation statement for the CIB accounts, and re-evaluate the List of Outstanding Checks and prepare necessary entries to adjust the AP-BCP and CIB accounts.
 - Coordinate with PhilHealth HO to re-evaluate the One Fund Disbursement Account policy in the recording of checks negotiated and paid and reconcile it with Corporate Order No. 2021-0051.
- 11.1 Prioritize and expedite the implementation of an integrated IT System that is designed to meet the specific needs and requirements of the Corporation. This integrated system should encompass all relevant areas of operations, including financial management, claims processing, member information management, and reporting to streamline its processes, enhance data accuracy and reliability, and improve overall operational efficiency.
- 12.1 Direct the CD to make the necessary adjusting entry/ies for the deficiencies noted and require the TD to strengthen its internal control in the release of checks by requiring the provider/supplier to submit ORs with sufficient details.
- The other significant audit observations and recommendations that need immediate action are as follows:
- PHILHEALTH BENEFIT PACKAGES AND CLAIMS**
13. Several deficiencies were identified in the continuing validation process of benefit claim reimbursements made to various HCIs during the CY 2022, as follows:
 - Despite the implementation of PhilHealth Circular (PC) No. 2021-012, which aimed to modify the payment rules of benefit packages under the ACR policy, overpayments amounting to P505.519 million persisted in 116,409 sample claim reimbursements with admission dates from August 22, 2021, onwards until payment as of December 31, 2022, in PROs NCR and Rizal, II, IV-A, V, VI, X, XI, and XIII (CARAGA). This deficiency is contrary to the provisions of the aforementioned PC and Section 2 of Presidential Decree (PD) No. 1445, and as a result, PhilHealth's program objective of improving member-patients' financial health protection was not fully achieved since the overpayments have inadvertently favored the HCIs;
 - In PRO NCR and Rizal, overpayment of claims totaling P361.444 million made to four sampled government HCIs were not properly accounted for and remained unrecovered as of December 31, 2022, contrary to the requirements stated in Item V of PC No. 2021-011; and
- c. In PRO NCR and Rizal, non-submission of the PhilHealth Payment Recovery (PPR) Report and its supporting documents prevented the conduct of timely post-audit and review of the Branch Offices' recovery of overpayments to HCIs for CY 2022. This non-compliance with PC No. 2021-011 and Sections 4(6) and 39(1) of PD No. 1445 hinders the establishment of the validity, accuracy, and propriety of the payment recovery made by PhilHealth, if any.
- 13.1 We recommended that top Management address the system enhancements and ongoing errors in the NClaims Web System and the Benefit Payment System, as they have hindered the timely implementation of PC No. 2021-012.
- 13.2 We further recommended that top Management instruct the concerned PROs to rectify the issues surrounding overpayments in claim reimbursements and ensure adherence to the modified payment rules outlined in PC No. 2021-012 by considering the following measures:
 - Ensure that adequate controls are in place to prevent erroneous payments and overpayments and that the system accurately calculates and applies the appropriate reimbursement amounts based on the actual charges net of mandatory discounts;
 - Implement a regular data cleansing and reconciliation process between the Branch Offices and ITMS to ensure the accuracy and completeness of the extracted files provided for audit purposes, identify and rectify any discrepancies or invalid amounts in the claim information, and ensure the reliability of the data used for analysis and decision-making; and
- c. Monitor and enforce compliance with the PPR Policy under PC No. 2021-011 to recover the overpaid amounts from HCIs, establish a robust monitoring mechanism to track the progress of recovery efforts and ensure timely resolution of overpayment issues, and regularly submit the report on PPR to the respective Audit Team.
14. In PROs NCR and Rizal, VI, VII, IX, X, and CARAGA, 2,221,888 claims, accounting for 34.62 percent of the total 6,418,445 claims processed with an equivalent sum of P64.109 billion under the ACR provider payment mechanism, were paid beyond the prescribed period of 60 days from the date of receipt or date of re-filing in the case of Return to Hospital claims, which is not consistent with Section 47 (I) of RA No. 7875, as amended by RA No. 10606. Consequently, comprehensive insurance benefit packages were reimbursed to HCIs late or untimely, thus hindering the achievement of the ultimate objectives of the Electronic Claims System of reducing the TAT and enhancing operational efficiency in the processing and payment of claims.
- 14.1 We recommended that top Management direct the PROs NCR and Rizal, IV-A, VI, VII, IX, X and CARAGA take the necessary steps to address the causes of delay in processing and payment of benefit claims, including improving manpower allocation, addressing system and policy issues promptly, and implementing effective controls to ensure compliance with the prescribed TAT to ensure timely delivery of health services and the efficient management of benefit claims.
15. In PROs NCR and Rizal, IV-B, V, VI, VII, IX, and XI, discrepancies in the computation, deduction, and charging of mandatory Senior Citizen (SCn) discounts (SCD) from the actual hospital charges, including professional fees, for SCn member-patients resulted in overpayments in the total amount of P535.626 million by PhilHealth in benefit claims amounting to P113.100 million and SCn member-patients in co-payments and other government agencies in required medical assistance extended totaling P422.526 million. This practice is inconsistent with the provisions outlined in RA No. 9994, as the

overpayments have inadvertently favored the HCIs rather than the SCn member-patients, who should have been the intended beneficiaries of these funds that could have significantly contributed to improving the quality of their lives in terms of accessible and quality health care services.

15.1 We recommended that top Management direct the concerned PROs to consider the following actions:

- a. Establish sufficient controls such as but not limited to review in the adjudication of benefit claims to ensure that SCDs are properly applied and deducted from the actual charges incurred by SCns, as reflected in the Statement of Account, which includes, implementing comprehensive review processes to verify the accuracy of SCDs applied by HCIs and returning benefit claims to HCIs for deficiencies noted to prevent overpayments and ensure that SCn member-patients receive the intended benefits;
- b. Determine the extent and range of similar conditions nationwide to enable the identification of issues and facilitate the implementation of appropriate remedial actions to address the inconsistencies in SCD computation and deduction nationwide; and
- c. Strategize and intensify efforts to recover overpayments of PhilHealth benefit claims in accordance with PC No. 2012-011 to minimize financial losses and ensure that resources are used efficiently.

INTERIM FINANCING MECHANISM (IFM)

16. The propriety and occurrence of claims paid to the Partner Contractor for the period April 2020 to May 2022 relative to 2,481,939 Reverse Transcription – Polymerase Chain Reaction (RT-PCR) tests with an aggregate amount of P8.278 billion could not be reasonably established due to the improperly accomplished Case Investigation Forms (CIF) despite several audit observations in the previous years in violation of the provisions of the Memorandum of Agreement between PhilHealth and the Partner Contractor and Section 4(6) of PD No. 1445.

16.1 We recommended that the Management prioritize the submission of properly completed CIFs supporting the subject claims for proper disposition in audit and to avoid any potential audit suspension or disallowance. Additionally, considering the increased availability of RT-PCR testing services in various health facilities and laboratories since the beginning of the pandemic, Management should reassess the need for continuing the contract with the Partner Contractor. Alternatively, the scope of services provided by the Partner Contractor should be reviewed and potentially limited to areas or constituents where similar services are not readily available.

COVID-19 VACCINE INDEMNITY FUND

17. The existing policies and practices of PhilHealth regarding the administration and disbursements for the COVID-19 Vaccine Injury Compensation Package (VICP) expose the COVID-19 National Vaccine Indemnity Fund, (COVID-19 IF) to the risk of inefficient and ineffective utilization due to several weaknesses in the implementation and monitoring controls, as follows:

- a. The non-maintenance of a separate bank account for the COVID-19 IF has led to the commingling of the trust fund with the general fund; thus, the COVID-19 IF has been used for the regular operations of PhilHealth, contrary to the principles and regulations governing financial transactions. This issue raises concerns regarding the potential diversion of public funds away from their intended purpose;
- b. The lack of an efficient and effective system for processing the VICP poses the risk of unaccounted claims;
- c. Certain provisions in the implementing guidelines of the program may undermine the intent of the law and the governing board, as

well as hinder the efficient and effective implementation of the program; and

- d. Insufficient awareness among the target beneficiaries and delays in the availability of funds have likely contributed to the underutilization of the COVID-19 IF.
- 17.1 We recommended that PhilHealth Management establish and maintain a dedicated bank account solely for the COVID-19 IF. The immediate transfer of the balance of the COVID-19 IF, including any accrued interest from CY 2021, should also be facilitated to the newly established account.
 - 17.2 Moving forward, we recommended that PhilHealth Management strengthen internal control measures to ensure the proper safeguarding and management of all trust accounts, particularly the COVID-19 IF, which includes implementing robust monitoring controls on bank accounts to prevent commingling of funds and to ensure that trust accounts are used solely for their intended purpose.
 - 17.3 We recommended that PhilHealth Management direct the Ad Hoc Committee, in coordination with Information Management Sector, to initiate the necessary adjustments in the existing system for the processing and monitoring of VICP claims, and assess whether it is feasible to integrate the VICP processing and monitoring system into the existing information systems of PhilHealth. If integration is not feasible, consideration should be given to creating a new system specifically designed for VICP claims management.
 - 17.4 We recommended that PhilHealth Management conduct a comprehensive review of PC No. 2021-0007, taking into consideration the recommendations and suggestions noted in the review and any identified provisions that may undermine the intent of the law and the governing board. The review process should involve engaging the Legal Sector and representatives from the processing units to gather insights and recommendations for improvement.
 - 17.5 We recommended that PhilHealth Management engage the active participation of the Local Government Units in disseminating the information about the implementation of the program. We likewise advised Management to disseminate the Tamang Sagot (TS) Gabay sa tamang pag-unawa sa PhilHealth Circular for PC No. 2021-0007.

COMPENSATION AND POSITION CLASSIFICATION SYSTEM (CPCS) ALLOWANCES, BENEFITS AND INCENTIVES (ABIs)

18. The continuing audit of PhilHealth's implementation of Compensation and Position Classification System (CPCS), in accordance with Executive Order (EO) No. 150 series of 2021 and its Implementing Guidelines, has revealed several deficiencies as outlined below:
 - a. The payment of Extraordinary and Miscellaneous Expense (EME) to PhilHealth employees in the HO with Job Grade (JG) 15 and below, totaling P2.266 million, was not within the Executive Career Band grouping as specified in the Corporation's approved CPCS; thus, these payments is considered as irregular expenditures.
 - b. In PhilHealth HO and PRO CARAGA, the grant of Rice Subsidy to regular and casual employees in CY 2022, totaling P33.452 million, lacks proper documentation demonstrating the generation of savings from identified cost-cutting measures, as required by Department of Budget and Management (DBM) Circular Letter No. 2008-9. Moreover, the absence of a PBR granting authority to the then OIC-President and Chief Executive Officer (PCEO) to approve the Supplemental Collective Negotiation Agreement (CNA), coupled with the lack of documents indicating the submission of the Supplemental CNA to the Civil Service Commission (CSC)-PRO, raises concerns about the validity of the Supplemental CNA. These deficiencies cast doubts on the regularity of the granted Rice Subsidy.

c. The rates of Communication Allowance granted to PhilHealth HO regular and casual employees for CY 2022, as stipulated in PhilHealth Corporate Order No. 2019-0065, deviates from the authorized rates specified in the Approved CPCS, constituting irregular and/or excessive expenditure in accordance with COA Circular No. 2012-003.

d. In PRO Cordillera Administrative Region (CAR), hospitalization and medical expenses totaling P1.994 million were incurred and paid for its personnel without a legal basis; thus, these payments are considered as irregular expenditures.

18.1 We recommended that PhilHealth Management stop the granting of EME to PhilHealth Employees with positions under JG 15 and below and secure approval or authority from the Office of the President for the payment of subject EME in compliance with the requirements set forth under Item VI.B.4 of the 2021 CPCS.

18.2 We recommended that PhilHealth Management direct the CD to coordinate with other concerned offices to: (a) submit the necessary supporting documents relative to the computation of savings generated by the Corporation for CY 2022 in conformance with DBM Circular Letter No. 2008-9; (b) secure any necessary and relevant documents showing the authority of the then OIC-PCEO to approve the Supplemental CNA; and (c) provide evidence of the submission of the supplemental CNA to the CSC-PRO.

18.3 We recommended that PhilHealth Management stop granting communication allowance using the rates under Corporate Order No. 2019-0065 and instead follow the PhilHealth-issued Corporate Order No. 2022-041 dated July 4, 2022, while awaiting the final Job Evaluation results of the Governance Commission for Government-Owned or -Controlled Corporations to avoid further excessive payment for the said allowance.

18.4 We recommended that top Management direct the PRO CAR to discontinue the payment of hospitalization and medical expenses to its employees and secure justifications or any necessary documents to establish the legality of the previous payments made for the said benefits.

GROUP PERSONAL ACCIDENT INSURANCE (GPAI)

19. The availing of Group Personal Accident Insurance (GPAI) for PhilHealth's officers and employees lacks legal basis, as the insurance coverage was obtained without securing prior approval from the Office of the President, which does not align with the provisions outlined in the 2021 CPCS and its Implementing Guidelines; thus, the premiums paid for the GPAI in the amount of P0.575 million for the CY 2022 are considered "irregular" as defined under COA Circular No. 2012-003.

19.1 We recommended that PhilHealth Management promptly secure the necessary approval or authority from the Office of the President for the payment of the GPAI to establish the legal basis for obtaining insurance coverage for officers and employees.

MANAGEMENT OF THE CORPORATION'S RESOURCES

20. The non-implementation of the proposed PhilHealth Corporate Center (PCC) has resulted in the inefficient utilization of the corporation's resources totaling at least P1.364 billion and projected additional expenses and opportunity costs of P6.623 billion, which is inconsistent with the principles of efficiency and economy in the procurement process and overall dealings with government resources.

20.1 We recommended that PhilHealth Management prioritize and expedite the implementation of the construction of the PCC and ensure that sufficient and proper planning is conducted for each procurement project and is well-documented for the Corporation to anticipate challenges, streamline the procurement process, and maximize the intended benefits of each procurement project.

PERFORMANCE AUDIT OF THE CORPORATION'S PROCUREMENT PROCESSES

21. The delay and failure to complete projects indicated in the Annual Procurement Plan (APP) for the CY 2022 have resulted in the inefficient utilization of government resources, which is inconsistent with the principles of efficiency and economy in procurement procedures and not in congruence with the overall value for money that the government aims to achieve through a streamlined and effective procurement process.

21.1 We recommended and PhilHealth Management agreed, to:

- a. Consider developing or enhancing current IT systems to facilitate the procurement process from planning to execution, enabling efficient monitoring; and
- b. As part of the preparations for the CY 2024 APP, require the End-User and Implementing Units to review their Project Procurement Management Plan to determine the necessity of projects repeatedly included in previous years' APPs but not executed and exclude projects that are deemed unnecessary; revisit the submitted Procurement Monitoring Reports (PMRs); and verify items in the APP that were actually procured but not reported, to prevent similar occurrences in future PMRs.

The observations, together with the recommended courses of action, which were discussed by the Audit Team with concerned Management officials and staff during the exit conference conducted on June 29, 2023, are discussed in detail in Part II of the report. We also invite your attention to the prior year's partially and unimplemented audit recommendations embodied in Part III of the report.

In our transmittal letter of even date, we requested the President & Chief Executive Officer of PhilHealth to implement the recommendations contained in the report and to inform this Commission of the actions taken thereon within 60 days from receipt of the report.

We acknowledge the support and cooperation that PhilHealth Management extended to the Audit Team, thus facilitating the submission of the report.

Very truly yours,

COMMISSION ON AUDIT

By:


Atty. CHITO G. ANABAN
 Director IV
 Cluster Director

Copy furnished:

The President of the Republic of the Philippines
 The Vice-President
 The President of the Senate
 The Speaker of the House of Representatives
 The Chairperson – Senate Finance Committee
 The Chairperson – Appropriations Committee
 The Secretary of the Department of Budget and Management
 The Governance Commission for Government-Owned or Controlled Corporations
 The Presidential Management Staff, Office of the President
 The UP Law Center
 The National Library
 The COA Central Library

PHILIPPINE HEALTH INSURANCE CORPORATION STATEMENTS OF FINANCIAL POSITION

As at December 31, 2022 and 2021 (In Philippine Peso)

Statement of Management's Responsibility for Financial Statements

The Management of the Philippine Health Insurance Corporation is responsible for the preparation of the financial statements as at December 31, 2022 and 2021, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements before such statements are issued to the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of the Philippine Health Insurance Corporation in accordance with the Philippine Financial Reporting Standards (PFRS) where applicable, as well as government accounting standards and other pertinent rules and regulations, and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.


MARIA ROSARIO SINGH-
VERGEIRE, M.D., MPH, CESO II
OIC, Department of Health /
Chairperson of the Board


EMMANUEL R. LEDESMA, JR.
President and
Chief Executive Officer


RENATO L. LIMSIACO, JR.,
CPA, DM, CESE
SVP, Fund Management Sector

	Notes	2022	2021 (As Restated)	January 01, 2021 (As Restated)
ASSETS				
Current Assets				
Cash and cash equivalents	5	6,423,703,001	6,363,794,518	28,050,485,089
Investment in time deposits	6	126,426,398,154	66,238,665,699	67,235,402,005
Receivables, net	7	34,577,099,066	25,670,967,806	11,166,376,473
Other receivable, IRM	8	8,230,950	18,669,852	1,570,977,280
Inventories	9	122,846,004	132,012,124	151,931,261
Other current assets	10	28,369,588	120,170,608	226,091,027
Total Current Assets		167,586,646,763	98,544,280,607	108,401,263,135
Non-Current Assets				
Investment securities at amortized cost	11	281,181,882,805	260,877,460,648	162,544,939,050
Property and equipment, net	12	1,680,050,270	1,794,371,492	2,004,512,812
Right-of-use of assets	13	505,427,949	644,440,513	882,953,381
Intangible assets, net	14	264,741,753	217,370,134	224,231,817
Other non-current assets, net	15	216,173,173	318,210,373	248,883,193
Total Non-Current Assets		283,848,275,950	263,851,853,160	165,905,520,253
TOTAL ASSETS		451,434,922,713	362,396,133,767	274,306,783,388
LIABILITIES				
Current Liabilities				
Financial liabilities	16	57,634,055,213	86,097,351,104	42,228,713,881
Inter-agency payables	17	278,434,503	645,224,113	624,413,468
Trust liabilities	18	1,009,113,076	1,755,243,689	458,536,363
Provision for health benefits - IBNR	19	95,098,573,409	55,453,415,291	64,574,818,536
Other payables	20	2,243,373,710	2,212,752,741	739,498,490
Total Current Liabilities		156,263,549,911	146,163,986,938	108,625,980,738
Non-Current Liabilities				
Deferred credits/Unearned income	21	911,858,175	1,266,530,830	1,183,584,411
Lease payable	22	535,743,247	683,438,246	905,503,725
Leave benefits payable	23	807,441,849	1,121,556,490	1,208,368,125
Provision for insurance contract liabilities	24	266,873,312,531	339,309,737,739	1,014,255,679,628
Total Non-Current Liabilities		269,128,355,802	342,381,263,305	1,017,553,135,889
TOTAL LIABILITIES		425,391,905,713	488,545,250,243	1,126,179,116,627
EQUITY				
Members' equity	25	26,043,017,000	(126,149,116,476)	(851,872,333,239)
Total Equity		26,043,017,000	(126,149,116,476)	(851,872,333,239)
TOTAL LIABILITIES AND EQUITY		451,434,922,713	362,396,133,767	274,306,783,388

PHILIPPINE HEALTH INSURANCE CORPORATION STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2022 and 2021 (In Philippine Peso)

	Notes	2022	2021 (As Restated)
Premium contributions	26	216,779,856,065	186,218,043,007
Less: Benefit claims expenses	28	143,560,402,394	140,161,027,863
GROSS MARGIN FROM OPERATIONS		73,219,453,671	46,057,015,144
Operating Expenses			
Personnel services	29	4,972,582,892	4,277,374,147
Other operating expenses	30	4,253,755,675	3,544,893,620
TOTAL OPERATING EXPENSES		9,226,338,567	7,822,267,767
NET OPERATING INCOME (LOSS)		63,993,115,104	38,234,747,377
Add: Interest and other income	27	11,853,163,646	9,671,320,124
NET INCOME		75,846,278,750	47,906,067,501
OTHER GAINS	27	72,436,425,208	674,945,941,889
OTHER COMPREHENSIVE INCOME		-	-
NET INCOME		148,282,703,958	722,852,009,390

PHILIPPINE HEALTH INSURANCE CORPORATION STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2022 and 2021 (In Philippine Peso)

	Notes	2022	2021
SURPLUS	25		
Surplus at January 1		-	-
Net income		148,282,703,958	722,852,009,390
Prior year adjustments		3,909,429,518	2,871,207,372
Adjustment of contingent capital		-	-
Total Surplus		152,192,133,476	725,723,216,762
Surplus transferred to reserves		(152,192,133,476)	(725,723,216,762)
Surplus at December 31		-	-
RESERVE FUND	25		
Reserve at January 1		191,498,004,527	140,720,729,654
Net income		75,846,278,750	47,906,067,501
Surplus transferred to reserves		3,909,429,518	2,871,207,372
Reserve Fund at December 31		271,253,712,795	191,498,004,527
Provision for insurance contract liability	25	(245,210,695,795)	(317,647,121,003)
TOTAL MEMBERS' EQUITY		26,043,017,000	(126,149,116,476)

PHILIPPINE HEALTH INSURANCE CORPORATION STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2022 and 2021 (In Philippine Peso)

	Note	2022	2021 (New Presentation Format)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Cash received from premium contributions		207,196,436,071	172,591,693,945
Interest received from investments		11,610,930,177	10,358,834,702
Collection of other income		375,592,222	434,725,500
Gain (Loss) on foreign exchange		43,466	22,257
Collection of rent		638,791	966,181
Reimbursement of point of service		-	9,522,070
Total Cash Inflows		219,183,640,727	183,395,764,655
Cash Outflows			
Payment of benefit claims		(130,557,999,599)	(100,236,837,967)
Payment of operating expenses		(6,841,221,259)	(5,897,438,767)
Payment of bank charges		(29,860,033)	(53,063,000)
Total Cash Outflows		(137,429,080,891)	(106,187,339,734)
Net Cash Provided by/(Used in) Operating Activities		81,754,559,836	77,208,424,921
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Matured time deposits		120,189,963,980	183,116,448,228
Matured treasury bills		2,864,435,324	4,576,728,014
Matured treasury bonds		20,122,998,342	59,026,529,000
Proceeds from disposal of assets		302,911	250,482
Total Cash Inflows		143,177,700,557	246,719,955,724
Cash Outflows			
Placement on time deposits		(180,377,570,871)	(182,119,647,809)
Placement on treasury bills		(12,214,512,859)	-
Placement on treasury bonds		(31,787,669,037)	(162,620,621,333)
Interest paid on placement of bonds		(8,114,167)	(866,458,172)
Fixed assets purchase		(269,768,890)	(201,182,425)
Total Cash Outflows		(224,657,635,824)	(345,807,909,739)
Net Cash Provided by/(Used in) Investing Activities		(81,479,935,267)	(99,087,954,015)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Inflows			
Trust receipts		459,281,712	504,431,434
Total Cash Inflows		459,281,712	504,431,434
Cash Outflows			
Trust disbursements		(408,284,323)	-
Finance lease payments		(265,713,475)	(310,578,911)
Total Cash Outflows		(673,997,798)	(310,578,911)
Net Cash Provided By/(Used In) Financing Activities		(214,716,086)	193,852,523
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		59,908,483	(21,685,676,571)
Reversal of interest income on Treasury Bonds		-	(1,014,000)
CASH AND CASH EQUIVALENTS, JANUARY 1	5	6,363,794,518	28,050,485,089
CASH AND CASH EQUIVALENTS, DECEMBER 31	5	6,423,703,001	6,363,794,518

PHILIPPINE HEALTH INSURANCE CORPORATION Notes to the Financial Statements

(All amounts in Philippine Peso unless otherwise stated)

1. GENERAL INFORMATION

The National Health Insurance Act of 1995 or Republic Act (RA) No. 7875, and its amendments, otherwise known as the "National Health Insurance Act of 2013", instituted a National Health Insurance Program (NHIP) that shall provide health insurance coverage and ensure affordable, acceptable, available and accessible health care services for all Filipinos. The Philippine Health Insurance Corporation (PhilHealth), a tax-exempt Government-Owned and/or Controlled Corporation (GOCC), was established to administer the Program at the central and local levels. The Head Office is located at 709 CityState Centre Building, Barangay Oranbo, Shaw Blvd., Pasig City.

On February 20, 2019, RA No. 11223 or the Universal Health Care (UHC) Act was enacted. This law automatically provides social health risk protection for all Filipino citizens in the NHIP.

The Corporation is an attached agency of the Department of Health (DOH) for policy coordination and guidance, governed by a Board of Directors (BODs) composed of 13 members and has the powers and functions provided for in Article IV, Section 16 of RA No. 7875 as amended. The Corporation has the power, among others, to formulate and promulgate policies, set standards, rules and regulations necessary to ensure quality of care and overall accomplishment of program objectives, formulate and implement guidelines contributions and benefits; establish branch offices, manage grants and donations, acquire property, collect, deposit, invest, administer and disburse the National Health Insurance Fund (NHIF), to enter into contract with health care institutions, to fix a reasonable compensation, allowances and benefits of all positions including the President and Chief Executive Officer (PCEO), based on a comprehensive job analysis and audit of actual duties and responsibilities subject to the approval of the President of the Philippines.

The NHIF as amended shall consist of premiums from direct or indirect contributors; other appropriations earmarked by the national and local governments purposely for the implementation of the program; subsequent appropriations provided for under Sections 46 and 47 of RA No. 7875, as amended; donations and grants-in-aid; and all accruals thereof. Under Section 26, Article VI of RA No. 7875, as amended, the use, disposition, investment, administration and management of the NHIF, including any subsidy, grant or donation received for the program operations shall be governed by applicable laws, and in the absence thereof, existing resolution of the BODs of the Corporation subject to limitations prescribed in the Act.

The financial statements of the Corporation for the year ended December 31, 2022 were approved and authorized for issue by the BODs on March 13, 2023 as per PhilHealth Board Resolution No. 2780, s. 2023.

1.1 Corona Virus Pandemic (COVID-19)

The Corona Virus Disease 19 (COVID-19) pandemic that started in 2020 has greatly challenged the country, compromising the viability of numerous businesses, triggering massive layoffs and joblessness, and sending the nation's economy to record high contraction. But for countless members and their families afflicted with COVID-19, PhilHealth has been able to provide the needed financial relief from the high cost of treatment for the novel coronavirus. As a crucial partner of the government in its overall pandemic response, PhilHealth immediately put together benefit packages ranging from testing, facility-based and home isolation, treatment and hospitalization, and a vaccine injury compensation package for those who will experience serious adverse effects following COVID-19 inoculation.

True to its mandate of ensuring every Filipino's access to a full spectrum of essential, quality health services as mandated by the UHC Law,

PhilHealth continued serving its members, partners and stakeholders despite mobility restrictions brought about by strict quarantine levels. This, even though many in its ranks had to go on quarantine, seek treatment, or succumbed to the dreaded disease. Not to mention the various inquiries that aggravated the pandemic effects on the morale of its employees. Despite all these, PhilHealth has not reneged on its mission to its members and health care providers through steadfast processing and payment of their benefit claims. While it had to reduce client traffic in its frontline offices due to human resource constraints, all while observing minimum health standards, PhilHealth continue to break more grounds to make its services accessible and felt by the people.

This pandemic has likewise resulted to limited movement for the members who have not ceased seeking the services as well as from fulfilling their obligations to the Program. To respond to such demands, important and timely innovations in frontline services were introduced such as the PhilHealth Member Portal wherein members can access their membership and contribution records, and download their Member Data Record with just a few taps on their smart phones or gadgets essentially anywhere and everywhere. The said portal also enables self-paying members to pay their premium contributions online either via credit card, debit card or GCash. PhilHealth's Corporate Action Center (CAC) was also challenged by the current pandemic, but it did not waver in its resolve to continue serving the information needs of members. Complementing its automated voice response for basic queries is the Callback Channel wherein clients can simply text a request for callback to 0921-630-0009. Within 72 hours, agents will call them back for relevant information or assistance being requested. For the year 2021, more than 35,000 calls were received and acted upon by the CAC. PhilHealth vows to be more relevant and responsive to the growing health care needs of its 110 million members here and abroad. It is committed to level up its benefits and services by constantly strengthening its organizational, financial and more importantly its human resource capability to efficiently and effectively meet the demands of these changing times.

The scale and duration of these developments remain uncertain as of the date of the issuance of the financial statements. Considering the evolving nature of the pandemic, the Corporation continues to monitor the risks and on-going COVID-19 impact in its operations. While the financial impact is considered a non-adjusting event, the effect on the Corporation's operations and financial performance remains positive and robust. Nonetheless, the Corporation strongly believes that it can remain as a going-concern given its access to short-term and long-term funding and continuous financial support from its stockholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation and Statement of Compliance

Presently, PhilHealth is now classified as a Commercial Public Sector Entities (CPSE) per COA Resolution No. 2020-013 dated January 31, 202, re: Renaming Government Business Entities (GBEs) and Non-Government Business Entities (non-GBEs) into CPSEs and Non-CPSEs pursuant to the 2018 Edition of the Handbook of International Public Sector Accounting Pronouncements (HIPSAP) published by the International Federation of Accountants (IFAC) and the International Public Sector Accounting Standard Board (IPSASB) and its adoption of the Philippine Financial Reporting Standards (PFRSs) as its financial reporting framework.

2.2 Measurement Bases

The financial statements are measured in Philippine Peso (P), which is also the Corporation's functional and presentation currency. All values are rounded-off to the nearest peso values, unless otherwise stated.

The financial statements have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Corporation uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.3 Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Corporation adopted effective for annual periods beginning January 1, 2022.

Unless otherwise indicated, the adoption of the new and amended PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

Amendments to PFRS 3, Reference to Conceptual Framework – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to Philippine Accounting Standard (PAS) 37, Provisions, Contingent Liabilities and Contingent Assets, or International Financial Reporting Interpretation Committee 21, Levies, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

Amendments to PFRS 16, Property, Plant and Equipment – Proceeds Before Intended Use – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the related proceeds and related cost from such items shall be recognized in profit or loss. The amendment must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

Annual Improvements to PFRS 2018 to 2021 Cycle:

Amendments to PFRS 9, Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test of International Financial Reporting Standard (IFRS) 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to PAS 16, Leases - Lease Incentives – The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives.

2.4 New and Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRSs, which are not yet effective as at December 31, 2022 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2025:

PFRS 17, Insurance Contracts – This standard will replace PFRS 4, Insurance Contracts. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued.

In response to the challenges brought by the COVID-19 pandemic, the Insurance Commission issued Circular Letter No. 2020-062, Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date. Therefore, all life and nonlife insurance companies in the Philippines shall adopt PFRS 17 for annual periods beginning on or after January 1, 2025.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Corporation. Additional disclosures were included in the financial statements, as applicable. Currently, there is an ongoing procurement of a Consultant to conduct the business process review on the readiness of the corporation in relation to the adoption of the PFRSs.

2.5 Financial Assets and Liabilities

Date of Recognition

The Corporation recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable is done using settlement date accounting.

Initial Recognition

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at Fair Value through Profit or Loss (FVPL), includes transaction cost.

"Day 1" Difference

Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Corporation recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss.

In cases where there is no observable data on inception, the Corporation deems the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Corporation determines the appropriate method of recognizing the "Day 1" difference.

Classification of Financial Instruments

The Corporation classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at Fair Value through Other Comprehensive Income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Corporation's business model.

As at December 31, 2022, the Corporation does not have financial assets and liabilities at FVPL and debt instruments measured at FVOCI.

Financial Assets at Amortized Cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Included in this category are cash and cash equivalents, receivables and other receivables.

Financial Liabilities at Amortized Cost

Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Corporation having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

This category includes financial liabilities, inter-agency payables, trust liabilities, leave benefits payable and other payables.

2.6 Impairment of Financial Assets at Amortized Cost

The Corporation records an allowance for Expected Credit Loss (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Corporation expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

2.7 Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The right to receive cash flows from the asset has expired;
- The Corporation retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Corporation has transferred its right to receive cash flows from the asset and either; (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Corporation has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Corporation's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Corporation could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

2.8 Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

2.9 Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Corporation; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Corporation does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

2.10 Inventories

Inventories include office supplies and materials inventory, semi-expendable machinery and equipment, and semi-expendable furniture, fixtures and books. These are initially measured at cost.

At each reporting date, inventories are assessed for impairment. If an item of inventory is impaired, its carrying value is reduced to net realizable value, and an impairment loss is recognized immediately in profit and loss. Any reversal of impairment is recognized also in profit and loss.

2.11 Other Current Assets

Other current assets represent assets of the Corporation which are expected to be realized within one year or within the Corporation's normal operating cycle whichever is longer. Other current assets are presented in the Statement of Financial Position at cost less any portion that has already been consumed or that has already expired.

2.12 Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives.

The depreciation periods for property and equipment, based on above policies, are as follows:

Particulars	Estimated Useful Life (in years)
Land improvements	10
Building and building improvements	30
Leasehold improvements	10
IT equipment	5
Furniture and fixtures	10
Office equipment	5
Communication equipment	10
Library books	5
Medical equipment	10
Transportation equipment	7

The estimated useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment.

Land is not depreciated. If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their costs and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

2.13 Intangible Assets

Intangible asset represents computer software and licenses. This is initially measured at cost and is presented in the Statement of Financial Position at cost less accumulated amortization and any accumulated impairment losses.

Computer software is amortized over its estimated useful life of five years using the straight-line method while the licenses are amortized over the life of the license. The amortization period and method are reviewed periodically to ensure that these are consistent with expected pattern of economic benefits from the intangible assets. If there is an indication that there has been a significant change in the useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

2.14 Impairment of Non-Financial Assets

At each reporting date, property and equipment and intangible asset accounts are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset

(or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit and loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.15 Reserve Fund

Reserve Fund represents the cumulative results of normal and continuous operations profit of the Corporation including prior period adjustments, effects of changes in accounting and other adjustments.

2.16 Revenue Recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. Revenue is recognized either at a point in time or over a period of time.

Premium contributions

Revenue is recognized as the member contributions become due. Fines and penalties are recognized when the event that triggers the fine or penalty occurs. If the collectability is not reasonably assured, fines and penalties are recognized only when cash is received.

Interest Income

Interest income is recognized as the interest accrues taking into account the effective interest.

Rent Income

Income from rental of property is recognized on a straight-line basis over the lease term.

2.17 Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions of equity to participants.

Benefit Claims Expense

This represents benefits incurred by the Corporation for health care services, in-patient, out-patient, Primary Care Benefit (PCB) and Z benefit packages availed of by the members and their dependents. Benefit Claims Expense is recognized at the date of admission (per Corporate Order No. 2021-0051).

Operating Expenses

These include personnel services and maintenance and other operating expenses which are recognized as expense in the period they are incurred.

2.18 Leases

A lease is a contract that conveys the right to use an identified asset for a period of time in exchange for a consideration.

Determination as to whether a contract is, or contains, a lease is made at the inception of the lease. Accordingly, the Corporation assesses whether the contract meets three key evaluations which are:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the lessee;
- The lessee has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- The lessee has the right to direct the use of the identified asset throughout the period of use. The lessee assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Corporation as a Lessee

Leases are recognized as a Right-of-Use (ROU) asset and a corresponding liability at the date at which the leased asset is available for use by the Corporation.

The Corporation's leasing activity is mainly for office spaces and warehouses. The non-cancellable contracts period for leases is three to five years and has no extension clause. Upon expiration of the lease contract, it is extended on a month to month basis only until a new contract is executed or a new office space will be leased.

ROU Assets

At commencement date, the Corporation measures ROU assets at cost. The cost comprises:

- The amount of the initial measurement of lease liabilities;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- An estimation of costs to be incurred by the Corporation in dismantling and removing the underlying asset, when applicable.

The ROU assets are recognized at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses, and adjusted for any re-measurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms including renewals or the useful lives of the underlying assets. In addition, the ROU asset is periodically reduced by impairment losses, if any and adjusted for certain measurement of the lease liability.

ROU assets are office spaces and warehouses being leased by PhilHealth with a multi-year contract.

Below is the summary of information regarding ROU asset of the Corporation:

	2022	2021 (As Restated)
Carrying amount of Right-of-Use asset	505,427,949	644,440,513
Depreciation expense	644,440,513	391,866,812
Interest expense	272,589,986	99,169,767
Short-term leases	391,866,812	88,688,354
Total	1,083,333,306	1,224,165,446

Lease Liabilities

At commencement date, the Corporation measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Corporation uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees; and

- The exercise price under a purchase option that the Company is reasonably certain to exercise; lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is re-measured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option.

Short-Term Leases and Leases of Low-Value Assets

Short-term leases and lease of low value assets are exempted from the recognition of ROU asset and lease liability as allowed under PFRS 16. These are recognized in the profit or loss when incurred.

The Corporation does not have leases of low-value assets. Classified under short-term leases are office spaces that are on a month to month basis renewal and have no multi-year contract.

Corporation as a Lessor

Leases where the Corporation does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and amortized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which these are earned. Operating leases are recognized as income in the statements of comprehensive income on a straight-line basis over the lease term.

The Corporation determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It assesses whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.19 Employee Benefits

Short-term Benefits

Short-term benefits given by the Corporation to its employees include salaries and wages, compensated absences, 13th month pay, employer share contributions and other de minimis benefits, among others.

These are recognized as expense in the period the employees render services to the Corporation.

2.20 Related Parties

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its major shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.21 Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are made using the best estimates of the amount required to settle the obligation and discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

2.22 Provisions for Insurance Contract Liabilities (ICL)

Provision for ICL is the best estimate that relates to expected net of present value of expenses (claims + expenses) and present value of collection. Since 2005, PFRS have mandated that these liabilities must be properly recognized and reported in the financial statements.

2.23 Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

2.24 Events after the Reporting Period

Post year-end events that provide additional information about the Corporation's financial position at reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. SIGNIFICANT JUDGMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with PFRS requires Corporation to exercise judgment, make accounting estimates and assumptions that affect the reported amounts in the financial statements and related notes. The judgment and estimates used in the financial statements are based upon Corporation's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgment and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Judgments

In the process of applying the Corporation's accounting policies, management has made certain judgment, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

3.2 Estimates and Assumptions

The key assumptions concerning the future and other key source of estimation uncertainty at the financial reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating Premium Income from the Direct Contributors - Employed Sector

Estimate is based on last month's premium contributions which are due and paid through Accredited Collecting Agents (ACAs) and over the counter at PhilHealth's Regional Offices (PROs).

Estimating Allowance for Impairment of Receivables

The Corporation maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. This amount is evaluated based on such factors that affect

the collectability of the accounts. These factors include, the age of the receivables, the length of the Corporation's relationship with the customer, the customer's payment behavior and known market factors. The amount and timing of recorded expenses for any period would differ if the Corporation made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase the recorded operating expenses and decrease current assets.

Estimating Useful Lives of Property and Equipment

The Corporation estimates the useful lives of the property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There is no change in the estimated useful lives of depreciable property and equipment in 2022 and 2021.

Estimating Benefit Claims Payables

One of the accounting estimates being made is the setting up of accrued benefit expense for Incurred But Not Yet Paid (IBNP) claims which consist of the following:

- In-Course of Settlement (ICS) - these are claims still in process at the end of the reporting period. It includes claims already approved for payment awaiting Automatic Debit Arrangement and Return to Hospitals (RTH) of the current year. The estimate is based on the case rate amount extracted from the N-Claims.
- Incurred But Not Yet Reported (IBNR) - These are claims which are estimated to be in the possession of the Health Care Institutions (HCIs) as of the end of the year and have yet to be submitted to the Corporation. The IBNR is the balance between IBNP and ICS when IBNP are those claims yet to be paid by PhilHealth. The amount to be recorded is actuarially estimated. IBNR is computed as follows:

$$\text{IBNR} = \text{IBNP} - \text{ICS}$$

Methodology for Estimating IBNP

The method applied in estimating IBNP claims is called claims development (or lag) method. It is an estimation technique under which historical claim data, such as the number and amount of claims are grouped into the time periods in which claims were incurred and the time periods in which they were processed. The processing date is typically the date the claim is received, adjudicated, or paid by the claim payer. The development method uses these groupings to create a claims processing or development pattern, which is used to determine completion factors to help estimate the unprocessed portion of incurred claims.

4. FINANCIAL RISK MANAGEMENT

Risk Management is not the sole responsibility of the Management and the BOD. It is the responsibility of every employee in all levels in the Corporation. To ensure the systematic management of risks it is facing while implementing the NHIP, PhilHealth established the Enterprise-wide Risk Management and developed the Risk Management Manual and Policy. These Manual and Policy will serve as a guide in the implementation of the risk management framework and processes in the Corporation.

Alongside, it adopted the Risk Governance Framework and defined the roles and responsibilities in the management of risks in the Corporation. It talks about the three lines of defenses in managing risks in the Corporation.

- The first line of defense has the ownership, responsibility and accountability for directly managing the risks. These are the Business Process Owners (BPOs) who have the responsibility of managing the day-to-day risks that they will encounter as they do their respective works. And they have the responsibility to report the risks so that immediate action can be done to address those risks that affect their work in particular and the Corporation in general;
- The second line of defense oversees, monitors and facilitates the implementation of an effective Risk Management practices by the first line of defense. These are the Risk Management Committee of the Board (RiskCom), the Management and Project Management Team-Risk Management as the technical arm of RiskCom. They are mainly responsible for developing policies for Management's or BOD's approval and monitor the risk management policies, define work practices and advise when needed the BPOs with regard to risk management and compliance; and
- The third line of defense is the audit functions for both internal and external auditors which will provide assurance to the Board and Management on the effectiveness of the first and second line of defense in managing risks.

4.1 Financial Risk Factors

This is the risk that results from unexpected changes in external markets, prices, rates and liquidity supply and demand.

a. Credit risk

This refers to the risk of loss arising from the Corporation's counterparty to perform contractual obligations in a timely manner. This includes risk due to (a) failure of a counterparty to make required payments on their obligations when due (Default Risk) and (b) default of a counterparty before any transfer of securities or funds or once final transfer of securities or funds has begun but not been completed (Settlement Risk).

The Corporation's placements in fixed term deposits with Authorized Government Depository Banks (AGDBs) are in accordance with Section 5.2 of Department of Finance (DOF) Circular No. 002-2022, on the Revised Guidelines on AGDBs, which mandates all GOCCs, National Government Agencies (NGAs) and Local Government Units (LGUs) to maintain and deposit government funds only with AGDBs.

The Corporation implements a structured and standardized evaluation guideline, credit ratings and approval processes. Investments undergo technical evaluation to determine their viability/acceptability. Due Diligence process (i.e., yield versus comparable financial instruments, term of the indebtedness including redemption feature, liquidity of the issuance, monitoring of issuer and counterparty risks including risks arising from implementation, and other portfolio and strategic considerations) and information from third party (e.g., Philippine Ratings Services Corporation and Credit Ratings and Investors Services Philippines, Inc.) are used to determine if counterparties are credit-worthy. With respect to bond underwriters and selling agents, PhilHealth as a qualified institutional buyer of debt securities under Section 10.1 (L) of the Securities Regulation Code, deals only with domestic universal bank or domestic investment house duly assigned by the issuer as underwriter or selling agent for the distribution of debt issuances.

Purchase of peso denominated government securities under the Non-Restricted Trading Environment (NRTE) of the Philippine

Dealing Exchange is based on Treasury Circular No. 04-2014, Implementing DOF Department Order No. 068-2014 entitled, "Revised Rules and Regulations for the Issuance, Placement, Sale, Service and Redemption of Treasury Bills and Bonds under R.A. No. 245, As Amended". Evaluation of counterparty trading participant in the NRTE platform, at the minimum, is measured on the Government Securities Eligible Dealer's (i) good standing in the Philippine Dealing Exchange, (ii) Risk-Based Capital Adequacy Ratio, (iii) Financial Standing on Earnings and Profitability, (iv) compliance to Securities Regulation Code and Code of Ethics Governing Financial Market Activities in the Philippines, and (v) positive track record of service with other government agencies.

To avoid significant concentrations of exposures to specific industries or group of issuers and borrowers, PhilHealth investments are regularly monitored to ensure that these are always within the prescribed cumulative ceilings specified in Section V.D.2 of Corporate Order (CO) No. 2021-0057 PhilHealth Omnibus Guidelines on Fund Investments (CO No. 2021-0057). The said CO outlines the policies and guidelines in determining and managing exposure limits to investment instruments including the negative list of investments that are considered not ethically and socially responsible by the Corporation such as companies with exposures in sin products like tobacco, liquor, alcohol, including gaming, and mining and quarrying.

Investments in government securities are not impaired. Only investments in corporate bonds are subject to impairment. Allowance for impairment is computed as follows:

EAD	PD	LGD	ECL
Exposure at Default	X	Probability of Default	X
1,103,567,208		0.001809	551,193

As regards criteria for accreditation of applicant collecting agents for premium collections, PhilHealth requires submission of three-year Audited Financial Statements, as one of the documentary requirements for accreditation. Financial evaluation of the applicants comprised the analysis on liquidity ratio, solvency ratio, capital adequacy ratio and profitability ratio vis-a-vis the current Bangko Sentral ng Pilipinas Performance Indicators for banks, including non-banks with quasi-banking function. Once accredited, on an annual basis, submission of their yearly financial statements is required to monitor financial standing of the ACAs to mitigate any losses that may be incurred by the concerned ACAs. Other documentary requirements such as Articles of Incorporation, Certificate of Good Standing with Existing Industry Association, Electronic Banking Authority, among others are likewise submitted by PhilHealth ACAs when renewing their accreditation to assess their capabilities as collecting agents.

On Cash Management: The Corporation maintains its accounts in any of the AGDBs in compliance with DOF Circular No. 01-2017 namely: Land Bank of the Philippines and Development Bank of the Philippines. These are the depository and servicing banks for the Corporation's over-the-counter collections, disbursements, funding and settlement accounts which are covered by Payroll Servicing Agreement and Memorandum of Agreement (MOA) on One Fund Disbursement Account, respectively. Hence, lesser vulnerability of default given the Corporation's compliance to regulatory agencies and the service agreements with the AGDBs.

b. Liquidity Risk

This refers to the risk of loss, though solvent, due to insufficient financial resources to cover for liabilities as they fall due. It also involves the risk of excessive costs in securing such resources. This

risk also refers to (a) unanticipated changes in liquidity supply and demand that may affect the organization through inability to meet contractual obligations or default (Funding Liquidity Risk) and (b) asset illiquidity or the risk of loss arising from inability to realize the value of assets, without significant reduction in price, due to bad market conditions (Market Liquidity Risk).

PhilHealth manages this risk through daily monitoring of cash flows in consideration of future payment due dates and regular premium collection receipts. PhilHealth also maintains sufficient portfolio of highly marketable assets that can easily be liquidated as protection against unforeseen interruption to cash flow such as Special Savings Deposits with AGDBs, Treasury Bills and Government Securities with remaining life of less than one year.

As to management of ACAs, they are required to remit their collections to PhilHealth on a daily basis in accordance with the DOF Circular Nos. 01-2015 dated June 1, 2015 and 01-2017 dated May 11, 2017. Compliance to existing covenants in the Collection and Remittance Agreements with ACAs is strictly monitored by the Corporation and close monitoring through daily reconciliation of collections and remittances by ACAs are being done and implemented including the imposition of penalties and interests for late remittances, under remittances and late submission of required reports and documents.

On Cash Management, the Corporation also maintains its collections account with the AGDBs as prescribed in DOF Circular No. 01-2017. The collection comprises remittances from its collecting agents and other receipts which include fund support coming from the National Government via funds releases through the Bureau of Treasury and the Department of Budget and Management (DBM). These accounts are covered by service agreements: MOA on Opening of One-Way Deposit Collection Account and Sweeping of Available Balance to Mother Accounts, Collection and Deposit Pick up Agreement, hence ensuring the steady inflow of funds to meet the daily fund requirements of the Corporation.

c. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

5. CASH AND CASH EQUIVALENTS

This account is composed of the following:

	2022	2021
Collecting officers	346,093,288	28,724,227
Petty cash fund	3,660,932	2,970,129
Cash in bank	4,250,198,797	2,705,288,887
Special savings deposit (SSD)	1,823,749,984	3,626,811,275
Total	6,423,703,001	6,363,794,518

- 5.1 Collecting officers represent collections at the end of the month made by collecting officers which are to be deposited on the following working day.
- 5.2 The Corporation uses the imprest fund system in handling its petty cash fund. This fund is for the use of miscellaneous expenditures which cannot be conveniently paid by check wherein an officer holding the fund is also properly bonded in accordance with law.
- 5.3 Cash in banks represent various bank deposits that are unrestricted and available for current operations. Included in this account are cash denominated in foreign currencies which are translated to peso using the closing rate as of reporting dates.

Cash in bank earns interest based on the prevailing interest rates. Interest earned on bank deposits amounted to P1.660 million and P1.881 million in 2022 and 2021 respectively.

- 5.4 SSDs are term deposits of one (1) day up to ninety (90) days with interest rates higher than the regular savings deposit rates and evidenced by either passbook or schedule of deposits. The interest rates ranging from 0.4500 percent to 0.5500 percent and 0.2603 percent to 0.8000 percent as of December 31, 2022 and December 31, 2021, respectively.

6. INVESTMENTS IN TIME DEPOSITS

	2022	2021
Investment in time deposits - local	126,425,079,472	66,237,474,761
Investment in time deposits - foreign	1,318,682	1,190,938
Total	126,426,398,154	66,238,665,699

Investments in Time Deposits are term deposits of 91 to 364 days with interest rate ranging from 0.1000 percent to 6.0000 percent and 1.800 percent to 2.2000 percent as of December 31, 2022 and December 31, 2021, respectively.

7. RECEIVABLES

This account is composed of the following:

	2022	2021
Receivable from direct contributors	33,617,838,133	23,759,200,250
Due from NGAs	21,122,806,684	21,123,953,825
Due from LGUs	255,783,121	344,742,522
Accrued interest receivable from investment	2,837,220,804	2,217,609,469
Other receivables	47,668,952	2,934,807
Receivables	57,881,317,694	47,448,440,873
Allowance for impairment	(23,304,218,628)	(21,777,473,067)
Receivables, net	34,577,099,066	25,670,967,806

- 7.1 Receivable from direct contributors represent accruals of premium contributions from direct contributor members based on ACAs and Over-the-counter Collections.

	2022	2021 (As Restated)
Receivable from direct contributors	33,617,838,133	23,759,200,250
Allowance for impairment	(2,353,248,669)	(816,647,256)
Receivables, net	31,264,589,464	22,942,552,994

- 7.2 Due from NGAs account represents premium contributions for the following:

	2022	2021
Senior Citizen		
No. of enrollees	8,557,139	8,557,139
Amount	20,537,134,800	20,537,134,800
Point-of-Service (POS)		
No. of enrollees	187,623	187,623
Amount	450,295,200	450,295,200
Fortuitous event		
No. of enrollees	56,135	56,135
Amount	134,724,000	134,724,000
Department of Public Works and Highways (DPWH)		
No. of enrollees	-	-
Amount	652,684	1,799,825
Total	21,122,806,684	21,123,953,825

Allowance for impairment	(20,671,858,800)	(20,671,858,800)
Net amount	450,947,884	452,095,025
Fund transfer to DPWH for lot improvements (PRO II)		652,684
Total 2021		652,684
Enrollment of 187,623 qualified members under the 2019 POS program for the period January to December 2018 per billing to DBM		450,295,200
Total 2018		450,295,200
Enrollment of 2,258,757 Senior Citizens which were automatically renewed for the period January to December 2016 per billing to DBM through DOH [P12,998,827,200 - P7,577,809,200 (Collection)]		5,421,018,000
Less: Allowance for Impairment		(5,421,018,000)
Total 2016		-
Enrollment of 5,416,178 Senior Citizens for CY 2015 per billing to DBM		12,998,827,200
Less: Allowance for Impairment		(12,998,827,200)
Total 2015		-
Enrollment of 56,135 families of which 55,474 families came from Region VIII who were casualties of Typhoon Yolanda and for the extended insurance coverage under the Fortuitous Event Program implemented as a component of the NHIP for the billing period January to December 2014.		134,724,000
Enrollment of 882,204 Senior Citizens for the period of October to December 2014 per billing to DBM		2,117,289,600
Less: Allowance for Impairment		(2,252,013,600)
Total 2014 (Net)		-
Grand Total		450,947,884

7.3 Due from LGUs is the account representing the outstanding accounts receivable on premium contributions from various LGUs. The details of the account are as follows:

Region	2022	2021
National Capital Region (NCR)	6,040	6,040
Cordillera Administrative Region (CAR)	105,365	-
I	-	158,400
II	1,192,600	553,270
III	98,908,028	108,697,856
V	795,000	795,000
VI	151,000,288	164,308,425
VII	3,775,800	4,429,600
XI	-	3,172,200
CARAGA	-	62,621,731
Total	255,783,121	344,742,522
Less: Allowance for Impairment	(231,892,977)	(286,136,293)
Due from LGUs, net	23,890,144	58,606,229

7.4 Accrued Interest Receivables from Investment account amounting P2.837 billion and P2.218 billion as at December 31, 2022 and December 31, 2021, respectively, represent interest earned as at the reporting date from SSD, time deposits, investment securities at amortized cost which are due for collection on the following year.

7.5 Other Receivables amounting to P47.669 million and P2.935 million as of December 31, 2022 and 2021, respectively, represent due from officers and employees.

Allowance for impairment of P41.952 million was provided due to ECL as at December 31, 2022.

8. OTHER RECEIVABLE - INTERIM REIMBURSEMENT MECHANISM (IRM)

8.1 On January 30, 2020, the BODs issued PBR No. 2496, s. 2020 which approved the inclusion of the IRM among the special privileges that may be conferred to the members during fortuitous events and emergencies. It provides:

WHEREFORE, premises considered, the Board RESOLVES, as it is hereby RESOLVED, to APPROVE the inclusion of Interim Reimbursement Mechanism among the special privileges that may be conferred during fortuitous events and emergencies, thereby amending PhilHealth Board Resolution No. 1848, s. 2013 for this purpose;

8.2 Subsequently, the BODs issued PBR No. 2515, s. 2020 dated March 31, 2020 to ratify the implementation of IRM nationwide due to the COVID-19 pandemic. Thus:

WHEREFORE, premises considered, the Board RESOLVES, as it is hereby RESOLVED to RATIFY the implementation of Interim Reimbursement Mechanism nationwide due to the corona virus disease (COVID-19).

8.3 On May 7, 2020, PhilHealth issued CO No. 2020-0033 signed by then PCEO BGen. Ricardo C. Morales. It provides the guidelines and procedures in the recording and reporting of benefit claims under the IRM.

8.4 As at December 31, 2022, a total of P14.963 billion or 99.9450 percent has already been liquidated out of the P14.971 billion released IRM, leaving a balance of P8.231 million or 0.0550 percent nationwide. Details as at December 31, 2022 as follows:

Region	No. of HCIs	Released	Liquidated	Dec 31, 2022 Balance
NCR	162	4,353,410,549	4,347,354,599	6,055,950
CAR	19	484,137,869	484,137,869	-
I	49	782,476,917	780,301,917	2,175,000
II	13	338,564,867	338,564,867	-
III	105	1,956,388,846	1,956,388,846	-
IV-A	89	1,248,048,505	1,248,048,505	-
IV-B	41	690,075,499	690,075,499	-
V	61	724,616,526	724,616,526	-
VI	1	121,372,688	121,372,688	-
VII	50	1,101,824,043	1,101,824,043	-
VIII	36	505,534,202	505,534,202	-
IX	13	378,753,947	378,753,947	-
X	18	737,824,644	737,824,644	-
XI	28	890,240,858	890,240,858	-
XII	17	483,567,834	483,567,834	-
BARMM	2	89,487,449	89,487,449	-
CARAGA	7	84,524,850	84,524,850	-
Total		14,970,850,093	14,962,619,143	8,230,950

As of January 26, 2023, the Legal Sector reported the following:

Region	HCI	Amount	Legal Actions Taken
NCR	San Juan Medical Center	6,055,950	The Appeal of 117 denied claims was GRANTED thru PARD Resolution X22-0606-004 to 0111; X22-0606-0118 to 0126.
			As of January 24, 2023, the unliquidated balance is P5.967 million (117 claims). Four claims are for process amounting to P175,988.
I	Sta. Teresita Hospital, Inc.	2,175,000	The HCI is consistently paying their monthly installments. They made a payment of P200,000 last January 10, 2023. PRO I still has six checks post-dated every 10th of the month totaling P1.977 million. Last check is dated July 10, 2023.

9. INVENTORIES

This account includes the following:

	2022	2021
Office supplies and materials inventory	91,980,768	102,261,256
Semi-expendable machinery and equipment	8,842,411	7,992,349
Semi-expendable furniture, fixture and books	23,200,560	21,758,519
Inventories	124,023,739	132,012,124
Semi-expendable machinery and equipment	(1,177,735)	-
Inventories, net	122,846,004	132,012,124

9.1 Office Supplies and Materials Inventory account amounting to P91.981 million and P102.261 million as at December 31, 2022 and 2021, respectively, represents small tangible items that are expected to be used within one year from the reporting date.

9.2 Semi-Expendable Machinery and Equipment account amounting to P8.842 million and P7.992 million as at December 31, 2022 and 2021, respectively, represents office equipment, information and communication technology costing less than P50,000.

9.3 Semi-Expendable Furniture, Fixtures, and Books account amounting to P23.201 million and P21.759 million as at December 31, 2022 and 2021, respectively, represents furniture, fixtures and books costing less than P50,000.

10. OTHER CURRENT ASSETS

This account is composed of the following:

	2022	2021
Other Receivables	-	100,058,200
Philippine Red Cross (PRC)	-	100,000,000
HCIs	-	58,200
Creditable Withholding Tax	1,493,156	16,242,340
Other Current Assets	70,833,859	101,761,472
Other Current Assets	72,327,015	218,062,012
Less: Allowance for Impairment	(43,957,427)	(97,891,404)
Other Current Assets, net	28,369,588	120,170,608

10.1 The Corporation and PRC entered into MOA to cover COVID-19 testing services as provided in the approved MOA to wit:

Obligations of PhilHealth:

1. Pay PRC per testing packaged under this Agreement for all persons with PhilHealth coverage and those tested pursuant to Clause A(2) above, at the amount of Three Thousand Five Hundred Pesos Only (P3,500) per one (1) unit of SARS-CoV-2 test; Provided, that PhilHealth shall provide PRC with a data base of all persons with PhilHealth coverage to allow PRC to verify whether such persons are indeed covered for purposes of providing testing services thereto:

(Note: The testing package cost is P3,409 from October 10, 2020 to September 3, 2021. Starting September 4, 2021, the cost of the testing package was lowered to P2,800).

2. Upon the signing of this Agreement, immediately forward to PRC the full Advance Cash Payment of One Hundred Million Pesos (P100,000,000); Provided, the cost of testing services actually provided by PRC shall be automatically deducted from the Advanced Cash Payment; Provided, further, that the only accepted basis/proof needed to support such deductions shall be: (i) the duly accomplished customer information form duly signed by the person tested, and (ii) PRC summary of test results duly certified by PRC's pathologist as submitted to the DOH and RITM and/or attached agencies; Provided, moreover, and to allow PRC to maintain sufficient inventory of testing supplies for its mass testing services thus preventing their depletion, PhilHealth shall replenish the Advance Cash Payment so that the same will again amount to P100,000,000 within three (3) days upon written notice by the PRC; Provided, finally, that if after the termination of this Agreement and the satisfaction of all of PhilHealth's obligations to PRC are fully satisfied, any balance of this Advance Cash Payment shall remain with PRC as stranded costs in case other people need to be tested, and in the event that test failures or errors resulted, such as but not limited to swabbing, bar coding and the like, that may require re-testing.

The Other Receivable account has been fully liquidated hence no balance as of December 31, 2022.

10.2 Remittance of taxes withheld from the released IRM amounted to P1.493 million and P16.242 million as at December 31, 2022 and 2021, respectively.

10.3 Other Current Assets amounting to P70.834 million and P101.761 million, as at December 31, 2022 and 2021, respectively, represent due from officers/employees and fines/penalties from ACAs and compromise penalties of hospitals amounting to P24.264 million for the taxable year 2003-2004 per Bureau of Internal Revenue (BIR) decision with reference No. PO6-15 dated April 14, 2015.

10.4 Allowance for Impairment amounting to P43.957 million was provided due to ECL as at December 31, 2022. Details as follows:

	Total Amount	Allowance	Net Amount
Other Receivables - IRM (COVID-19) Tax	1,493,156	(136,346)	1,356,810
Other Receivables - Accrued Fines & Penalties from ACAs	3,044,222	(2,387,521)	656,701
Other Receivables - Personal Calls	69,043	(69,043)	-
Other Receivables - Refund from Benefit Payment - Employer	32,411,234	(25,532,049)	6,879,185
Other Receivables - Filing Fees	258,141	(258,141)	-

Other Receivables – GPAI	67,473	(67,473)	-
Other Receivables – Payment Recovery	166,277	-	166,277
Other Receivables – Others	34,817,469	(15,506,854)	19,310,615
Total	72,327,015	(43,957,427)	28,369,588

11. INVESTMENT SECURITIES AT AMORTIZED COST

This account is composed of the following:

	2022	2021
Investment in Treasury Bills	9,350,077,536	100,058,200
Investment in Government Bonds	270,732,356,462	256,365,182,877
Investment in Corporate Bonds	1,100,000,000	4,512,500,000
Total	281,182,433,998	260,877,682,877
Less: Allowance for Impairment	(551,193)	(222,229)
Investment, net	281,181,882,805	260,877,460,648

11.1 Investment in Treasury Bills with a maturity period of 91 to 364 days and with an average interest rate of 3.6475 percent as at December 31, 2022:

	Interest Rate	2022	2021
Treasury Bills	3.4850%	5,615,365,067	-
Treasury Bills	3.4850%	1,429,808,756	-
Treasury Bills	3.8100%	1,962,204,668	-
Treasury Bills	3.8100%	342,699,045	-
Sub-Total		9,350,077,536	-

11.2 Investment in Government Bonds with a maturity period of more than one year and with an average interest rate of 3.8995 and 3.9794 percent as at December 31, 2022 and 2021, respectively

	Interest Rate	2022	2021
Retail T-bonds	4.3971%	78,316,890,000	49,616,890,000
RTB non-restricted environment	3.6993%	75,913,279,582	89,844,093,546
Outstanding investment	3.6023%	116,502,186,880	116,904,199,331
Sub-Total		270,732,356,462	256,365,182,877

11.3 Investment in Corporate Bonds with a maturity period of more than one year and with interest rates ranging from 3.8915 percent to 5.5796 percent:

	Interest Rate	2022	2021
7-year Filinvest Land, Inc. Fixed Rate Bonds	5.3567%	-	780,000,000
7-year Robinsons Land Corp. Fixed Rate Bonds	4.8000%	-	1,500,000,000
7-year Ayala Land, Inc. Fixed Rate Bonds	4.5000%	-	950,000,000
7-year Ayala Land, Inc. Fixed Rate Bonds	3.8915%	1,100,000,000	1,100,000,000

7-year South Luzon Tollway Corp. Fixed Rate Bonds	5.5796%	-	182,500,000
Sub-Total		1,100,000,000	4,512,500,000
Less: Allowance for Impairment		(551,193)	(222,230)
Total		1,099,448,807	4,512,277,770

11.4 Interest earned on Investment Securities at Amortized Cost amounted to P9.920 billion and P7.801 billion as at December 31, 2022 and December 31, 2021, respectively.

12. PROPERTY AND EQUIPMENT

This account is composed of the following: (see tables on next page)

Included under Land and Buildings accounts are the following:

12.1 A parcel of land situated in Quezon City with a total area of 17,231 square meters (sq. m.). This property has a carrying amount of P439.378 million. The Head Office of PhilHealth shall be constructed in this lot.

Relative to the construction of the proposed PhilHealth Corporate Center, the Corporation acquired an additional 145 sq. m. lot from the National Housing Authority located in Barangay Pinyahan, East Avenue, Quezon City at a cost of P2.440 million.

12.2 A property with a total area of 4,355 sq. m. acquired from Fort Bonifacio Development Corporation (FBDC), in exchange for the Corporation's investments in FBDC located in Fort Bonifacio, Taguig City. This asset with a carrying amount of P413.846 million was appraised with a fair market value of P3.354 billion as at August 6, 2021.

12.3 A parcel of lot with total area of 1,544 sq. m. and a building with a total floor area of 3,287 sq. m. purchased by PRO No. III for its permanent Regional Office in San Fernando, Pampanga at a cost of P25.520 million. The land and building were appraised to have a fair market value of P73.710 million as at August 4, 2021. PRO No. III also purchased a warehouse in San Fernando City, Pampanga with a total area of 1,831 sq. m. and was appraised with a fair market value of P22.025 million as at August 4, 2021.

12.4 A parcel of lot with a total area of 2,897 sq. m. located in Tuguegarao City which will be used as the PRO No. II's Regional Office. This property was received by way of donation, through a MOA executed between DPWH Region II and the Corporation. This property which is carried in the books at P4.056 million was appraised with a fair market value of P51.280 million as at August 10, 2021. In compliance with the condition set forth in the MOA to construct PhilHealth's office building within two years from the execution of the Deed of Donation, the Regional Development Council (RDC) II has extended, upon the request of PRO No. II, the construction of the building for another two years per RDC-2 Resolution No. 02-25, series of 2017.

12.5 A parcel of lot with a total area of 600 sq. m. located in Gov. Democrito O. Plaza Government Center, Patin-ay, Prosperidad, Agusan del Sur which will be used as the PRO CARAGA's Local Health Insurance Office (LHIO) San Francisco Corporate Office. This property was received by way of donation, through Deed of Donation executed by the Provincial Government of Agusan del Sur in favor of PhilHealth office. This property is recorded in the books at P1.086 million.

	2022					
	Land and land improvements	Building and structure / leasehold improvements	Construction in progress	Furniture & fixtures equipment & books	Motor vehICLes	Total
Cost						
Balance at beginning of year	876,177,353	252,045,198	27,870,253	2,287,996,768	230,094,370	3,674,183,942
Additions	-	19,093,988	1,147,141	83,353,275	106,190,000	209,784,404
Adjustments	-	(6,648,573)	-	(123,218,544)	(2,613,189)	(132,480,306)
Balance at end of year	876,177,353	264,490,613	29,017,394	2,248,131,499	333,671,181	3,751,488,040
Accumulated Depreciation						
Balance at beginning of year	1,498,376	153,134,467	-	1,542,123,679	183,055,928	1,879,812,450
Depreciation	-	28,212,563	-	213,565,542	14,493,515	256,271,620
Adjustments	-	(6,273,749)	-	(55,770,990)	(2,601,561)	(64,646,300)
Balance at end of year	1,498,376	175,073,281	-	1,699,918,231	194,947,882	2,071,437,770
Net Book Value, Dec. 31, 2021	874,678,977	89,417,332	29,017,394	548,213,268	138,723,299	1,680,050,270

	2021 (As Restated)					
	Land and land improvements	Building and structure / leasehold improvements	Construction in progress	Furniture & fixtures equipment & books	Motor vehICLes	Total
Cost						
Balance at beginning of year	876,177,353	238,495,578	27,870,253	2,426,955,851	230,975,182	3,800,474,217
Additions	-	17,133,715	-	124,901,564	874,446	142,909,725
Adjustments	-	(3,584,095)	-	(263,860,647)	(1,755,258)	(269,200,000)
Balance at end of year	876,177,353	252,045,198	27,870,253	2,287,996,768	230,094,370	3,674,183,942
Accumulated Depreciation						
Balance at beginning of year	1,498,053	121,369,545	-	1,467,309,631	169,433,165	1,759,610,394
Depreciation	399	30,116,683	-	304,790,049	14,805,816	349,712,947
Adjustments	(76)	1,648,239	-	(229,976,001)	(1,183,053)	(229,510,891)
Balance at end of year	1,498,376	153,134,467	-	1,542,123,679	183,055,928	1,879,812,450
Net Book Value, Dec. 31, 2021	874,678,977	98,910,731	27,870,253	745,873,089	47,038,442	1,794,371,492

13. RIGHT-OF-USE ASSETS

Right-of-Use (ROU) assets are office spaces and warehouses being leased by PhilHealth with a multi-year contract.

Summary of ROU Assets follows:

2022			
	Total Amount	Accumulated Depreciation	Net Amount
Head Office	441,721,774	(293,281,906)	148,439,868
RO NCR	149,228,616	(74,035,177)	75,193,439
PRO CAR	22,643,591	(16,413,950)	6,229,641
PRO I	1,149,859	(263,138)	886,721
PRO III	118,134,934	(24,292,816)	93,842,118
PRO IV-A	75,637,436	(49,445,053)	26,192,383
PRO IV-B	101,425,110	(46,308,742)	55,116,368
PRO VI	6,212,331	(5,917,680)	294,651
PRO VII	87,505,524	(57,171,314)	30,334,210
PRO VIII	10,961,211	(7,068,469)	3,892,742
PRO X	92,574,846	(85,355,036)	7,219,810
PRO XI	50,243,144	(34,898,007)	15,345,137
PRO CARAGA	76,467,794	(37,367,887)	39,099,907
PRO BARMM	16,704,773	(13,363,819)	3,340,954
Total	1,250,610,943	(745,182,994)	505,427,949

2021			
	Total Amount	Accumulated Depreciation	Net Amount
Head Office	441,722,861	(191,197,948)	250,524,913
PRO NCR	149,228,616	(74,035,177)	75,193,439
PRO CAR	63,592,570	(48,909,580)	14,682,990
PRO I	29,501,346	(26,181,115)	3,320,231
PRO III	70,367,194	(43,418,864)	26,948,330
PRO IV-A	80,275,750	(38,483,167)	41,792,583
PRO IV-B	105,066,846	(45,307,234)	59,759,612
PRO V	24,278,093	(20,906,136)	3,371,957
PRO VI	61,027,138	(56,987,780)	4,039,358
PRO VII	87,118,593	(36,022,774)	51,095,819
PRO VIII	9,614,660	(5,108,133)	4,506,527
PRO X	106,689,891	(71,855,531)	34,834,360
PRO XI	46,790,139	(28,710,484)	18,079,655
PRO XII	25,131,313	(20,105,050)	5,026,263
PRO CARAGA	66,351,096	(21,768,529)	44,582,567
PRO BARMM	16,704,773	(10,022,864)	6,681,909
Total	1,383,460,879	(739,020,366)	644,440,513

Details of ROU Assets as at December 31, 2022 are as follows:

Lessor	Use	Lease Period	Amount
Head Office			
Zapanta Realty & Dev't. Corp.	Office Space	06/01/2019 to 05/31/2024	198,829,375
Columbia Estate Properties, Inc.	Office Space	01/01/2021 to 05/31/2024	129,128,367
Columbia Estate Properties, Inc.	Warehouse	03/01/2019 to 02/29/2024	26,963,465
Fortune General Ins. Corp.	Office Space	06/01/2019 to 05/31/2024	14,095,120
Fortune Life Ins. Co., Inc.	Office Space	06/01/2019 to 05/31/2024	37,264,465
Columbia Estate Properties, Inc.	Office Space	01/01/2019 to 05/31/2024	35,440,982
Sub-Total Head Office			441,721,774
PRO NCR			
Westco Electrical & Equipt. Corp.	PRO Space	12/01/2017 to 11/30/2022	18,795,649
Metro Dry Clean Ventures, Inc.	PRO Warehouse 1	01/01/2019 to 04/30/2021	2,708,024
CAS Properties, Inc.	PRO Warehouse 2	07/16/2018 to 07/15/2023	4,207,385
Columbia Estate Properties	Central Branch Office & LHIO QC	01/01/2018 to 12/31/2022	34,835,751
Fibertex Corporation	LHIO Rizal	03/01/2017 to 02/28/2022	6,689,639
Our Workshop Sales (OWS)	LHIO Fairview	06/01/2017 to 05/31/2022	6,148,054
Intraland Resource, Inc.	North Branch Office	01/01/2019 to 12/31/2021	903,969
Guru Property Dev't. & Mgt. Corp.	LHIO Caloocan	01/01/2019 to 11/30/2021	6,901,710
Lica Management, Inc.	LHIO Mandaluyong	05/02/2018 to 04/30/2023	8,816,271
Cromagen Land Corporation	South Branch Office	07/01/2019 to 06/30/2024	40,845,095
Industrial Timber Corporation	LHIO Makati	01/01/2019 to 03/31/2021	903,969
Iriz One Properties Inc.	LHIO Pasig	01/01/2019 to 04/30/2021	6,964,698
Editha Building	LHIO Las Pinas	01/01/2019 to 10/31/2019	1,671,983
BNC Properties, Inc.	LHIO Paranaque	08/01/2018 to 07/31/2022	8,836,419
Sub-Total PRO NCR			149,228,616
PRO CAR			
Kennon Wood Homes	PRO Warehouse	01/01/2019 to 06/30/2023	14,760,210
Lester Astudillo	Abra Office Space	04/01/2022 to 03/03/2027	5,276,891
Kedawen Rentals	Mt. Province Office Space	01/01/2019 to 02/28/2023	2,606,490
Sub-Total PRO CAR			22,643,591

Lessor	Use	Lease Period	Amount
PRO I			
Municipality of Laoa, Pangasinan	LHIO Eastern Pangasinan Warehouse	03/01/2022 to 02/28/2025	339,610
B & D Bldg, Allied Properties	LHIO Western Pangasinan	05/16/2022 to 05/15/2025	810,249
Sub-Total PRO I			1,149,859
PRO III			
Dona Rita Realty Corp.	Branch Office	07/06/2022 to 07/05/2027	53,503,199
Analita T. Mangahas	LHIO Gapan	08/01/2022 to 07/31/2027	10,418,399
Vicente Lim	Warehouse	04/10/2019 to 03/31/2024	13,562,850
Oscar Santos	LHIO Olongapo	08/01/2022 to 07/31/2027	18,232,199
JCB Building	LHIO Gapan satellite office	11/09/2020 to 11/28/2025	1,426,970
Juan D. Nepomuceno Sons, Inc.	LHIO Angeles	04/30/2021 to 04/29/2026	14,730,365
Alice B. Gonzales	LHIO Iba	04/30/2021 to 04/29/2026	6,260,952
Sub-Total PRO III			118,134,934
PRO IV-A			
Lucena Grand Central Terminal, Inc.	Storage Space	10/01/2019 to 09/30/2024	4,231,115
Lucena Grand Central Terminal, Inc.	LHIO Lucena	01/01/2019 to 07/31/2023	4,845,200
Lucena Grand Central Terminal, Inc.	PRO Office Space	12/01/2019 to 11/30/2024	25,183,214
Calamba Medical Center	LHIO Calamba	11/01/2019 to 10/31/2024	10,484,741
Calamba Medical Center	LHIO Calamba	07/01/2020 to 06/30/2025	2,491,822
Lessors	Use	Lease Period	Amount
Premium Link Devt. Corp.	LHIO Dasmariñas	05/01/2019 to 04/30/2024	14,027,937
One FS Industrial Corp.	LHIO Dasmariñas Storage Space	08/01/2019 to 07/31/2024	1,411,917
One FS Industrial Corp.	LHIO Trece Martires	01/01/2019 to 08/31/2023	4,427,683
One FS Industrial Corp.	LHIO Trece Martires Storage Space	08/01/2019 to 07/31/2024	1,268,189
Manuelito Lorica	LHIO Gumaca Office Space	02/01/2021 to 01/31/2026	6,676,068
JVB Building	LHIO Gumaca Storage Space	01/01/2019 to 01/31/2023	589,550
Sub-Total PRO IV-A			75,637,436

Lessor	Use	Lease Period	Amount
PRO IV-B			
Wildy Dy Tan	LHIO Lipa Warehouse	10/24/2018 to 09/24/2023	4,826,996
Millorey, Inc.	LHIO Batangas City	09/05/2019 to 08/31/2024	7,252,250
Edgardo P. Perez	LHIO Tanauan	06/02/2022 to 06/02/2027	17,562,077
Feature Realty Holdings & Dev't. Corp.	LHIO Lemery	11/27/2019 to 11/31/2024	5,539,757
Karangyan Builders & Traders	LHIO Oriental Mindoro	06/01/2021 to 05/31/2026	59,818,372
XRC Mall Developer	Regional Office	07/01/2020 to 06/30/2025	6,425,658
Sub-Total PRO IV-B			101,425,110
PRO VI			
Pueblo de Panay, Inc.	LHIO Capiz Office Space	01/01/2019 to 3/12/2023	6,212,331
Sub-Total PRO VI			6,212,331
PRO VII			
Province of Siquijor	Office Space	01/01/2017 to 12/31/2026	2,585,425
Elsita A. Panizales (Bais)	Office Space	07/01/2022 to 06/30/2024	1,547,470
Carcar City - LGU	Office Space	07/22/2019 to 06/21/2024	6,160,726
JGY Land Corporation	Office Space	09/16/2019 to 09/15/2024	14,396,243
Talibon DC General Merchandise	Warehouse	03/16/2020 to 03/15/2025	215,756
Hancit Realty & Dev't Corp.	Office Space	01/01/2020 to 12/31/2023	19,159,822
Skytower Realty & Dev't Corp.	Office Space	01/01/2020 to 12/31/2023	43,440,082
Sub-Total PRO VII			87,505,524
PRO VIII			
R.K. Eng'g. & Construction Works	Office Space	07/01/2019 to 06/30/2024	1,853,819
MAV Properties	Office Space	04/16/2019 to 04/15/2024	6,016,069
EC Cereno Rental Services	Office Space	07/01/2019 to 06/30/2024	1,744,772
CINCO Real Property Estate Leasing	Office Space	12/09/2022 to 11/18/2025	1,346,551
Sub-Total PRO VIII			10,961,211

Lessor	Use	Lease Period	Amount
PRO X			
Limketkai and Sons, Inc.	Regional Office	01/04/2019 to 05/03/2023	89,688,820
Q & G Chua Trading Corp.	LHIO Valencia	01/01/2019 to 06/30/2023	1,678,138
Q & G Chua Trading Corp.	LHIO Valencia Stock Room	01/01/2019 to 06/30/2023	195,783
F.E. Chua	LHIO Valencia	01/01/2019 to 06/30/2023	1,012,105
Sub-Total PRO X			92,574,846

PRO XI			
828 Commercial Building	Office Space	07/01/2022 to 06/30/2027	1,228,796
DDIS Inc.	Warehouse	07/01/2022 to 06/30/2027	5,897,439
Valgosons Realty Incorporated	Office Space	01/16/2019 to 01/15/2024	43,116,909
Sub-Total PRO XI			50,243,144

PRO CARAGA			
Abcalo Commercial Building	Office Space	07/01/2020 to 06/30/2025	43,598,301
Mn Bayalas Commercial	LHIO Bislig	03/01/2020 to 02/28/2025	<u>4,877,827</u>
Primeglee Corporation	LHIO Surigao	05/01/2020 to 04/30/2023	<u>3,769,173</u>
CARAGA Ramlizdy Corp.	LHIO Butuan City	12/01/2020 to 11/30/2025	<u>12,129,493</u>
Saint Francis Realty	Office Space	06/01/2022 to 05/31/2025	7,060,208
JTP Realty	LHIO Tandag	03/01/2022 to 02/28/2025	5,032,792
Sub-Total PRO CARAGA			76,467,794

PRO BARMM			
Kouzbarly Builders	PRO Space	01/01/2019 to 12/31/2023	16,704,773
Sub-Total PRO BARMM			16,704,773
GRAND TOTAL			1,250,610,943

14. INTANGIBLE ASSETS - Net

This account is composed of the following:

	2022	2021
Cost		
Balance at beginning of year	467,617,382	434,936,717
Additions	47,651,497	32,778,500
Adjustments	10,700,180	(97,835)
Balance at end of year	525,969,059	467,617,382
Accumulated Amortization		
Balance at beginning of year	250,247,248	210,704,900

Amortization	10,206,770	39,542,348
Adjustments	773,288	-
Balance at end of year	261,227,306	250,247,248
Carrying Amount	264,741,753	217,370,134

This account mainly pertains to various software applications/programs, the majority of which are licenses to fully utilize the capability of a software system to operate in a virtual environment. Please see Annex A for the schedule for Intangibles at book value.

15. OTHER NON-CURRENT ASSETS

This account is composed of the following:

	2022	2021
Advances to officers and employees	350,378	705,789
Prepayments	38,023,717	116,112,494
Guaranty deposits	114,838,301	107,489,405
Sub-Total	153,212,396	224,307,688
DBM (transfer of NHIP from GSIS to PHIC)	155,235,240	155,235,240
PDIC (per MB Reso. 459 dated 04/07/2005)	327,103	327,103
COA Disallowance of former officers and employees	-	1,456,749
PROs (from various Health Providers-DCS)	700,555	710,254
Unserviceable equipment	48,874,315	72,910,139
Serviceable equipment	1,095,251	1,006,730
Receivable from NGAs	394,741,430	394,741,430
Receivable from PCSO	-	283,800
Receivable from LGUs	481,189,230	425,366,264
Other assets - Intangible	6,287,168	6,249,938
Gross Long-term receivable	1,088,450,292	1,058,287,647
Less: Allowance for doubtful accounts	(1,025,489,515)	(964,384,962)
Sub-Total	62,960,777	93,902,685
Grand Total	216,173,173	318,210,373

15.1 The Special Disbursing Officer is an Accountable Officer duly designated, responsible and accountable for the proper management of funds for a specific legal purpose or activity and is properly bonded in accordance with law. The amount is nil as at December 31, 2022 and December 31, 2021, respectively. The nil amount represents the funds on hand from the said officers as of reporting date.

15.2 Advances to Officers and Employees amounting to P350,378 and P0.706 million as at December 31, 2022 and 2021, respectively, represent cash advances granted to authorized officers and employees for legal authorized purpose such as local and foreign travels.

15.3 Prepayments amounting to P38.024 million and P116.112 million as at December 31, 2022 and 2021, respectively, represent authorized payments made for the purchase of goods from the Procurement Service of the DBM as well as insurance of motor vehicles of the Corporation from the Government Service Insurance System (GSIS).

15.4 Guaranty Deposits amounting to P114.838 million and P107.489 million as at December 31, 2022 and 2021, respectively, represent transactions made by the Head Office and PROs in compliance with the requirements provided in the contracts for office rentals. These deposits are made for the faithful performance of the provisions of the lease agreements and shall cover possible damages to the leased premises. These are refundable at the end of the service agreement.

15.5 Long Term Receivable from the DBM amounting to P155.235 million as at December 31, 2022 and 2021 represents surcharges for late remittance of the employer counterpart for premium contribution. However, allowance for impairment account of the same amount was provided after evaluation of factors such as aging of accounts, collection experience in relation to particular receivable and identified doubtful accounts.

15.6 Long Term Receivable from Philippine Deposit Insurance Corporation (PDIC) amounting to P327,103 as at December 31, 2022 and 2021 was in pursuant to Monetary Board (MB) Resolution No. 459 dated April 7, 2005 placing Hermosa Savings and Loan Bank, Inc. under liquidation. As of last communication on July 7, 2022, no collection has been received. A follow-up letter was made on March 10, 2023 as per Audit Committee directive.

15.7 The Debit-Credit Scheme (DCS) amounting to P0.701 million and P0.710 million as at December 31, 2022 and 2021, respectively, refers to the balance of advance payment to Health Care Provider (HCPs) for the year 1999. Allowance for impairment of P0.701 million was provided for due to closure of the hospital facilities and as prescribed by PFRS 9.

15.8 Unserviceable Equipment account amounting to P48.874 million and P72.910 million as at December 31, 2022 and 2021, respectively, represent equipment that are already for disposal. This account shall be further reclassified as Non-Current Asset - Held for Sale, once the requirements set upon by the Standard are met.

15.9 Serviceable Equipment account amounting to P1.095 million and P1.007 million as at December 31, 2022 and 2021, respectively, represent pieces of equipment which are still functional but already obsolete and fully depreciated and ready for disposal. This account shall be further reclassified as Non-Current Asset - Held for Sale, once the requirements set upon by the Standard are met.

15.10 Receivable from NGAs amounting to P394.741 million as at December 31, 2022 and 2021 represents deficiency in employer share of the Health Insurance Premium Contributions to the Corporation by different government agencies nationwide for CYs 2001 to 2008.

15.11 Receivable from Philippine Charity Sweepstakes Office (PCSO) amounting to P283,800 as at December 31, 2021. The amount is nil as at December 31, 2022.

15.12 Receivable from LGUs represents long overdue premium contributions from various cities and municipalities all over the Philippines for the enrollment of their respective constituents under the Sponsored Program of the Corporation. It was reclassified from Current Receivable to Other Assets in compliance with COA recommendation per Audit Observation Memorandum (AOM) No. 2015-22 (14) dated May 5, 2015, details as shown below.

PRO	2022	2021
NCR	1,307,600	1,307,600
CAR	22,806,503	22,911,868
I	35,962,267	38,303,867

II	15,914,961	15,914,961
IV-A	14,124,485	14,124,485
IV-B	938,740	938,740
V	281,853,173	283,853,173
VIII	6,940,502	6,940,502
X	21,456,375	23,756,375
XI	16,546,341	15,398,141
CARAGA	61,421,731	-
BARMM	1,916,552	1,916,552
Total	481,189,230	425,366,264

15.13 Other Assets - Intangibles - These are reclassified from Intangible Assets which were fully amortized and was left with their residual value only amounting to P6.287 million and P6.250 million as at December 31, 2022 and 2021, respectively.

15.14 Allowance for doubtful accounts was provided for the following uncollectible receivable accounts as recommended by COA per AOM No. 17-003 dated February 28, 2017 in accordance with COA Circular No. 2016-005 dated December 19, 2016 and based on the Corporation's policy on the setting up of allowance for doubtful/uncollectible accounts receivable per PhilHealth CO No. 2017-0010 dated January 20, 2017.

15.15 Per PhilHealth CO No. 2017-0010, the Corporation shall establish and maintain an Allowance for Doubtful/Impairment Accounts representing an estimate of the amount of accounts receivable that will not be collected. The goal in recording this allowance is to show, as accurately as possible, the net realizable value of accounts receivable on the financial reports. The allowance for uncollectible accounts shall be updated at the end of the fiscal year. The Corporation shall adopt the Allowance Method in recording bad debts in its books of account and use the Specific Identification Method in determining the amount of uncollectible in setting up the allowance for doubtful accounts.

	2022	2021
DBM (transfer of NHIP Program from GSIS to PhilHealth)	155,235,240	155,235,240
PDIC (per MB Resolution 459 dated April 7, 2005)	327,103	327,103
PROs (from various Health Providers-DCS)	700,555	710,254
Receivable from NGAs	394,741,430	394,741,430
Receivable from LGUs	474,485,187	413,370,935
Total Allowance for Impairment	1,025,489,515	964,384,962

16. FINANCIAL LIABILITIES

This account is composed of the following:

	2022	2021
Accounts payable	9,042,664,208	8,217,614,823
Accrued benefits payable	48,122,580,844	77,493,179,467
Due to officers and employees	464,537,810	380,777,790
Operating lease payable	4,257,351	2,491,996
Tax refund payable	-	3,272,028
Other financial liabilities	15,000	15,000
Total	57,634,055,213	86,097,351,104

Below is the breakdown of the Accounts Payable:

	2022	2021
Personnel Services	32,124,909	28,625,747
MOOE	1,216,574,441	1,068,018,406
CAPEX	130,283,230	222,918,293
Benefit Claims Processed	7,656,040,443	6,867,427,768
Benefit Claims Processed- PCB	6,847,697	30,624,609
Benefit Claims Processed- Konsulta	793,488	-
Total	9,042,664,208	8,217,614,823

16.1 Accounts Payable – Personnel Services amounting to P32.125 million and P28.626 million as at December 31, 2022 and 2021, respectively represent per diems and allowances of the BODs and Committee members which are due for payment. This also includes the GSIS premium amounting to P20.605 million which was part and parcel of the salary adjustments given to PhilHealth employees but subsequently disallowed by COA. The said amount is still outstanding and not yet remitted to GSIS per Opinion No. 56 Series of 2018 from the Office of the Government Corporate Counsel (OGCC) dated March 26, 2018 stating that PhilHealth should keep the amount originally intended to be remitted to GSIS as premiums corresponding to the adjusted salaries of its employees without prejudice to its remittance in the event the Notice of Disallowance (ND) is lifted.

16.2 Accounts Payable – Maintenance and Other Operating Expenses (MOOE) amounting to P1.217 billion and P1.068 billion as at December 31, 2022 and 2021, respectively, represent receipt/acquisition of goods or services which are due for payment

16.3 Accounts Payable – Capital Expenditure (CAPEX) amounting to P130.283 million and P222.918 million as at December 31, 2022 and 2021, respectively, represents receipt/acquisition of property and equipment which are due for payment.

16.4 Benefit claims processed amounting to P7.656 billion and P6.867 billion as at December 31, 2022 and 2021, respectively, represent benefit claims awaiting for the next crediting date. It also includes pending claims payment due to non-submission of official receipt from the HCI as well non-negotiated checks by the HCI as of reporting date.

16.5 PCB processed amounting to P6.848 million and P30.625 million as at December 31, 2022 and 2021, respectively, represent PCB payment checks still in the possession of the Corporation.

16.6 The amount P0.793 million represents benefit claims for Konsulta package for CY 2022.

16.7 Below is the breakdown of the Accrued Benefits Payable:

	2022	2021 (As Restated)
In-Course of Settlement (ICS)		
ICS - in process	35,639,638,550	52,315,310,012
ICS - RTH	3,348,726,085	14,402,620,840
PCB	8,930,105,106	10,775,248,615
Konsulta	204,111,103	-
Total	48,122,580,844	77,493,179,467

16.8 Accrued Benefits Payable – ICS amounting to P38.988 billion and P66.718 billion as at December 31, 2022 and 2021, respectively, are estimated benefit claims still in process as of the reporting period.

16.9 Accrued Benefits Payable – PCB amounting to P8.930 billion and P10.775 billion as at December 31, 2022 and 2021, respectively, are claims which are actuarially estimated.

16.10 Due to Officers and Employees amounting to P464.538 million and P380.778 million as at December 31, 2022 and 2021, respectively, represent payables to officers and employees for salaries, benefits and other emoluments including authorized expenses paid in advance by the officers and employees.

Included in the accounts payable is the accrued Personnel Services for Welfare Support Assistance (WESA) from CYs 2012 to 2020. Below is the basis of accruing the said assistance, to wit:

The PhilHealth BODs issued PBR No. 385, s. 2001, granting the payment of the WESA of P4,000 each to all qualified employees effective January 1, 2001. This is in lieu of the subsistence and laundry allowances paid to public health workers under RA No. 7305, otherwise known as the Magna Carta of Public Health Workers. However, On February 7, 2008, the COA issued ND No. PHIC 2008-003 (2004) disallowing the payment of WESA contending that the payment was made without legal basis in the absence of approval from the Office of the President. On Appeal, the COA en banc sustained the disallowance.

PhilHealth then filed a Petition before the Supreme Court (SC) seeking to reverse and set aside the Decision of the COA. The SC in its Decision dated November 29, 2016, held that the Health Secretary approved the grant of the WESA together with 10 other members of the Board does not make the act any short of the approval required under the law. As far as the Magna Carta and its Revised Implementing Rules and Regulations (RIRR) are concerned, the then Health Secretary Dr. Alberto G. Romualdez, Jr. voted in favor of the WESA's issuance, and for as long as there exists no deception or coercion that may vitiate his consent, the concurring votes of his fellow Board members does not change the fact of his approval. PhilHealth's grant of the WESA was aptly sanctioned not only by Section 12 of the Salary Standardization Law which explicitly identifies laundry and subsistence allowance as excluded from the integrated salary, but also by statutory authority, particularly, Sections 22 and 24 of the Magna Carta. In view of such fact, the PhilHealth officers cannot be found to have approved the issuance of the same in bad faith or in gross negligence amounting to bad faith for it was well within the parameters set by law.

As a result of the decision of the SC (GR No. 213453) reversing the ND and COA decision on WESA on November 29, 2016, PhilHealth Management, with the concurrence of the BODs, decided that such WESA should be given retroactive effect so that the rate of WESA, in lieu of Subsistence and Laundry Allowance, at P4,000 shall be deemed continuously granted starting February 2012 after its restoration by virtue of the PhilHealth Board of Directors Resolution dated December 2019.

Such an interpretation is consistent with the constitutionally-protected right of labor and that any doubt in the interpretation of laws, including compensation laws, should be resolved in favor of labor. Section 3 of Article XIII of the 1987 Constitution on Social Justice and Human Rights reads: "The State shall afford full protection to labor, local and overseas, organized and unorganized, and promote full employment and equality of employment opportunities for all." Section 18, Article II of the 1987 Constitution states that "[t]he State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare" and Section 10 declares that "[t]he State shall promote social justice in all phases of national development."

As at December 31, 2022, the remaining balance for WESA amounting to P95.765 million are for retired and resigned employees.

16.11 Operating Lease liability amounting to P4.257 million and P2.492 million as at December 31, 2022 and 2021, respectively, are accrual for Rental expense which did not qualify as finance lease or use of right assets.

16.12 Tax Refund Payable – amounting to P3.272 million as at December 31, 2021, represents the amount of refund to taxpayers/employees for the excess amount paid/withheld which was reclassified to appropriate accounts in 2022.

16.13 Other Financial Liabilities – this account is used to recognize the amount of other financial liabilities incurred which cannot be appropriately classified under any of the specific financial liability accounts.

17. INTER-AGENCY PAYABLES

This account consists of:

	2022	2021
Due to BIR	160,737,152	128,109,522
Due to GSIS	88,446,180	73,611,362
Due to Pag-IBIG	3,701,875	2,894,270
Due to PhilHealth	13,194,106	7,121,644
Due to NGAs	10,540,301	10,534,817
Due to Government Corporations	751,489	421,336,489
Due to LGUs	1,063,400	1,616,009
Total	278,434,503	645,224,113

17.1 Due to BIR consists of liability for income taxes withheld from employees' compensation and for taxes withheld from payment to suppliers and health service providers for the account of the BIR.

17.2 Due to GSIS, Due to Home Development Mutual Fund (Pag-IBIG) and Due to PhilHealth comprise of amortization of loans availments, life and retirement insurance premiums payable to GSIS, contributions and amortization of loan availments payable to Pag-IBIG fund, and medical insurance premiums payable to PhilHealth deducted from the salaries of the Corporation's officials and employees and the employer's counterpart.

17.3 Due to NGAs refers to Sigurado at Garantisadong Insurance Pangkalusugan and Philippine Health Information Exchange projects of the DOH.

17.4 Due to Government Corporations refer to receipt of funds from PCSO to be used for COVID-19 related packages. For CY 2022, the PCSO fund was applied on paid COVID-19 related packages.

17.5 Due to LGUs refers to overpayment of premium contributions under sponsored programs which shall be applied to their additional enrollment during the year, if any. It also includes local tax withheld located outside the region for remittance to LGU.

18. TRUST LIABILITIES

Trust Liabilities refer to funds from other sources which are held in trust for a specific purpose. A separate bank account is opened if specified or stated in the Agreement.

This account consists of:

	2022	2021
UNFPA Project	37,786	37,515
Unclaimed Refund from HCPs	312,162,816	311,979,216
AHP - Protest Bond	41,985,000	16,355,000

Donations	8,710,840	8,754,480
Bail bond payable/guaranty/ security deposit pay	32,773,702	24,985,935
Retention fee	36,736,180	31,454,009
Global Development Project	1,958,886	1,951,554
Philippine Training Institute	5,222,074	5,258,516
Philippine Training Institute-NSSF	619,138	615,930
PhilHealth Run 2013	900	900
PhilHealth Run 2015	87,219	87,219
Calamity fund	127,437	127,379
PhilHealth Provident Fund	36,622,000	819,991,025
COVID-19 National Vaccine Indemnity Fund	498,833,762	500,000,000
Others	33,235,336	33,645,011
Total	1,009,113,076	1,755,243,689

18.1 Donations include funds received from the following entities, including earned interest thereon:

	2022	2021
Westmont Investment Corporation	2,945,656	2,945,656
Strategies and Alliance Corporation	3,563,419	3,607,059
Land Bank of the Philippines	110,000	110,000
Donation received by PROs	2,091,765	2,091,765
Total	8,710,840	8,754,480

19. PROVISION FOR HEALTH BENEFITS – IBNR

19.1 Provision for Health Benefits – IBNR amounted to P95.099 billion and P55.453 billion as at December 31, 2022 and December 31, 2021, respectively. They are claims which are actuarially estimated to be in the possession of the HCIs as of the end of the month and have yet to be submitted to the Corporation within the allowable 60-day period after the date of discharge per CO No. 2015-0017 dated December 8, 2015.

Provision for IBNR, December 31, 2021	55,453,415,291
Add: Adjustment on Restatement (COA)	1,447,209,967
IBNR, adjusted balance	56,900,625,258
Less: Claims paid applied to balance	(17,731,629,071)
IBNR, balance for 2021	39,168,996,187
Add: Increase in the Estimated Provision	55,929,577,222
Provision for IBNR, December 31, 2022	95,098,573,409

19.2 The claims development (or lag) method is being used in estimating IBNP. The estimation technique under which historical claims data, such as the number and amount of claims were grouped into the time periods in which claims were incurred and the time periods in which they were processed. The processing date was typically the date the claim was received, adjudicated, or paid by the claim payer. The development method used these groupings to create a claims processing or development pattern, which was used to determine completion factors to help estimate the unprocessed portion of incurred claims.

20. OTHER PAYABLES

This account consists of:

	2022	2021
Undistributed collections	1,005,835,986	1,800,460,102
Due to Non-government organization/civil society	433,329	433,329
Other payables – others	1,237,104,395	411,859,310
Total	2,243,373,710	2,212,752,741

20.1 Undistributed Collections refer to unidentified premium collections, remittances of ACAs and accreditation fees credited to PhilHealth bank accounts as of December 31, 2022.

20.2 Due to Non-Government Organization represents various reimbursement of Philippine Health Insurance Corporation Employees Association's (PHICEA) BODs for meals and accommodation.

20.3 Other Payables – Others include employees' association dues for PhilHealth White, amortization of loan availments from PHICEA, and PROs Cooperative deduction from the salary of the PhilHealth employees.

21. DEFERRED CREDITS/UNEARNED INCOME

This account consists of the following:

	2022	2021
Advance premium from direct contribution members	371,978,479	712,865,311
Premium contribution for NHTS enrollment (CYs 2013 and 2014)	516,844,200	516,844,200
Accreditation fees – ACAs	852,469	635,143
Accreditation fees – HCPs	2873,500	1,686,000
Subsidy from LGUs	18,943,227	31,198,143
Others	366,300	3,302,033
Total	911,858,175	1,266,530,830

Other deferred credits/unearned income account refers to the payment of premium contribution, accreditation fees received in advance by the Corporation or income received not pertaining to the current year.

22. LEASE PAYABLE

Lease Payable amounting to P535.743 million and P683.438 million as at December 31, 2022 and December 31, 2021, respectively, are lease payable of the Corporation mostly office and warehouse rental ranging from one to five years.

23. LEAVE BENEFITS PAYABLE

This provision is measured at the best estimate of the amount needed to settle them at the end of the reporting period. The obligation is measured at its "actual expected value". Charges to this account are disbursements for terminal leave pay and monetization.

Balance, 12/31/2021	1,121,556,490
Less: Terminal Leave Pay	13,916,471
Monetization	79,705,544
Total	1,027,934,475
Adjustment on over-provision	220,492,626
Leave Benefits Payable, 12/31/2022	807,441,849

Region	Regular	Casual	Total
Head Office	173,762,626	16,207,735	189,970,361
NCR	29,403,524	5,548,446	34,951,970
CAR	28,019,916	10,824,679	38,844,595
I	26,386,532	6,052,306	32,438,838
II	31,569,213	19,306,507	50,875,720
III	52,046,743	26,414,311	78,461,054
IV-A	42,970,145	21,747,350	64,717,495
IV-B	17,759,287	12,029,271	29,788,558
V	23,759,902	10,323,360	34,083,262
VI	26,342,834	17,387,037	43,729,871
VII	24,185,684	10,690,757	34,876,441
VIII	21,893,581	5,758,197	27,651,778
IX	18,262,368	4,979,708	23,242,076
X	13,932,801	5,792,399	19,725,200
XI	14,312,649	7,378,536	21,691,185
XII	15,646,703	7,914,434	23,561,137
BARMM	21,122,259	6,073,422	27,195,681
CARAGA	10,327,750	21,308,877	31,636,627
Total	591,704,517	215,737,332	807,441,849

The provision of P807.442 million represents money value of the earned leave credits as of December 31, 2022 of officers and employees of PhilHealth.

24. PROVISION FOR INSURANCE CONTRACT LIABILITIES

24.1 A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognized. The liability is determined using assumptions considered appropriate for the policies in force. The actuarial valuation is based on PFRS 4 and projected / estimated by the Actuary which was subjected to deliberation and approval of the PhilHealth Board.

The following are the Actuarial assumptions used in the computation of ICL for the year 2022:

Requisite Information	Assumptions Used
Valuation	Closed group valuation
Mortality rates	In accordance with the Philippine Inter Company Mortality Study
Morbidity rates	Average of the past 3-years on Utilization Rates and Average Value per Claim disaggregated by age and sex
Discount rates	Bloomberg Valuation Rate
Inflation rate	6%
Salary increase rate	3%
On premium increase	Premium as stated in RA No. 11223
On benefits	KONSULTA gradually transitioning to Comprehensive Out Patient Benefits
Operating expense	7.5%

Assumptions	Particulars
Include GAA	Includes the government subsidy of P79.06 billion in the Inflows
BVAL rates	Bloomberg Valuation Rate, which is increasing by 0.5% (or 50 basis points) every five years after the 25th year up to a maximum of 8%

Lifespan	According to the latest World Health Organization data published in 2019 life expectancy in the Philippines is: Male 67.3, female 75.5 and total life expectancy is 71.2. For the Direct Contributors, the liabilities beyond the average lifespan will not be considered when using this assumption.
----------	---

24.2 The above assumptions are for the interim until the complete personnel complement of the Office of the Actuary is in place as well as the setting up of the system that can address the needed information to be able to comply the requirements of PFRS 4.

24.3 The following are expected to be for further revisions:

- Following the "Seriatim method", calculation of reserves shall be per member;
- Review of salary increase assumption;
- Incorporation of persistency rates;
- Conduct of Expense Analysis study for the specific operating expense assumption;
- Conduct of morbidity study;
- Conduct of medical inflation study; and
- Conduct of mortality study.

24.4 Following the assumptions aforementioned, the ICL as approved by the BOD to be recorded for CY 2022 and 2021 are as follows:

	2022
	Actuarial Estimate
Total Outflows	P 5,037,679,508,012
Total Inflows	4,770,806,195,481
ICL, end of the year	266,873,312,531
ICL, beginning of the year	339,309,737,739
Change in ICL	P (72,436,425,208)

	2022
	Actuarial Estimate
Total Outflows	3,866,551,703,165
Total Inflows	3,527,241,965,426
ICL, end of the year	339,309,737,739
ICL, beginning of the year	1,014,255,679,628
Change in ICL	(674,945,941,889)

24.5 The Actuarial Services and Risk Management Sector performed Liability Adequacy Test as required by PFRS 4, using the same assumptions as stated above and in Note 2.22 as required by IC, the result of which is P339.310 billion, thus, no additional provisions were recognized for the year 2021. However, per COA recommendation, the decrease should be recognized as a change in accounting estimates per PAS 8. Adjustment were made in CY 2022. The approved computation was used to record the ICL, subject to re-measurement.

25. MEMBERS' EQUITY

Members' Equity consists of the following:

	2022	2021 (As Restated)
Reserve fund	271,253,712,795	191,498,004,527
Provision for ICL	(245,210,695,795)	(317,647,121,003)
Total Members' Equity	26,043,017,000	(126,149,116,476)

The negative effect of the Members' Equity was due to the recognition of the Provision for ICL. The provision is an estimated future liability which is actuarially computed.

25.1 Surplus

	2022	2021 (As Restated)
Surplus at the beginning of year	-	153,820,377
Reserved transferred to Surplus	-	(153,820,377)
Surplus at Jan. as restated	-	-
Net income	148,282,703,958	722,852,009,390
Prior year's adjustments	3,909,429,518	2,871,207,372
Total surplus	152,192,133,476	725,723,216,762
Surplus transferred to reserve	(152,192,133,476)	(725,723,216,762)
Surplus at Year-End	-	-

Prior Year's Adjustments were closed to Retained Earnings.

Premium contributions	1,537,414,466
Accreditation income	162,543
Interest income	(30,241,477)
Other income	(800,720)
Fines and penalties	3,574,333
Personnel services	212,084,915
Other operating expenses	(25,274,728)
Other financial charges	619,569
Non-cash expense	6,958,145
Member's benefits expense	2,204,932,472
Total	3,909,429,518

25.2 Reserve Fund

	2022	2021 (As Restated)
Reserve at January 1	191,498,004,527	140,720,729,654
Net Income	75,846,278,750	47,906,067,501
Prior year's adjustments	3,909,429,518	2,871,207,372
Reserve Fund	271,253,712,795	191,498,004,527

The Reserve Fund is recorded in compliance with Office Order No. 0145, s. of 2012 which is based on the provisions of Section 27 of RA No. 7875 as amended by RA No. 10606, which states that the Corporation shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserved funds: Provided, that the total amount of reserves shall not exceed a ceiling of P470.590 billion, the amount actuarially estimated for two years' projected program expenditures: Provided further; that whenever actual reserves exceed the required ceiling at the end of the Corporation's Fiscal Year, the excess of the Corporation's Reserve Fund shall be used to increase the program's benefits, decrease the member's contributions and augment the health facilities enhancement program of the DOH.

The remaining portion of the Reserve Fund that is not needed to meet the current expenditure obligations or used for the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be known as the "Investment Reserve Fund".

25.3 Provision for ICL

	2022	2021 (As Restated)
Provision for ICL	(245,210,695,795)	(317,647,121,003)
Total	(245,210,695,795)	(317,647,121,003)

26. PREMIUM CONTRIBUTIONS

Details of Premium Contributions are as follows:

	2022	2021 (As Restated)
Direct Contributors	136,715,403,725	105,979,252,055
Indirect Contributors	80,064,452,340	80,238,790,952
Total	216,779,856,065	186,218,043,007

26.1 Below is the breakdown of the Direct Contributors:

	2022	2021 (As Restated)
Government	35,528,325,450	27,018,184,792
Private	92,446,533,786	69,373,980,150
Kasambahay	101,203,951	71,974,905
Family Driver	46,083	61,241
Migrant Worker - Land Based	267,637,186	277,490,857
Migrant Worker - Sea Based	628,763	801,492
Filipino with Dual Citizenship/ Living Abroad	719,566	1,556,933
Women about to give birth	128,200	81,507
Professional Practitioner	50,613,694	11,014,711
Self-Earning Individual	6,975,275,789	8,426,015,976
Self-Earning Individual - Sole Proprietor	4,150,488	2,270,661
Self-Earning Individual - Group Enrollment Scheme	1,315,491,475	777,555,105
Foreign National	23,782,984	18,263,725
Others	866,310	-
Direct Contributors	136,715,403,725	105,979,252,055

26.2 Below is the breakdown of the Indirect Contributors:

	2022	2021
Indigents - NHTS	38,237,655,000	30,600,693,600
Senior Citizens	41,318,550,000	49,059,040,000
Special Government Programs - PAMANA	13,600,800	50,553,600
Sponsored	494,646,540	528,503,752
Indirect Contributors	80,064,452,340	80,238,790,952

The amounts collected come from the following members in accordance with Title III Section 5 of the Implementing Rules and Regulations of RA No. 7875 as amended otherwise known as the National Health Insurance Act of 2013 to wit:

- Income from the Direct Contributors come from the premium contributions of the following:
 - Government employees;
 - Private employees;
 - All other workers rendering services, whether in government or private offices, such as job order contractors, project-

- based contractors and the likes;
- Owners of micro-enterprises;
- Owners of small, medium and large enterprises;
- Household Help – as defined in RA No. 10361 on “Kasambahay Law”;
- Family Drivers;
- Migrant Workers – as defined in RA No. 10022 (Migrant Workers Act) and RA No. 10801 or Overseas Workers and Welfare Administration (OWWA) Act;
- Informal Sector;
- Self-earning individuals;
- Professional practitioners;
- Filipinos with Dual Citizenship;
- Naturalized Filipino Citizens;
- Citizens of other countries working and/or residing in the Philippines;
- Women about to give birth;
- Foreign Retirees (Registered with Philippine Retirement Authority); and
- All Filipinos aged 21 years and above who have the capacity to pay premiums.

- Income from the Indirect Contributors come from the premium contributions of the following:
 - Premium contributions recorded as income for Indigent-National Household Targeting System (NHTS) come from the National Government as appropriated in the General Appropriations Act (GAA);
 - Premium contributions from the sponsored members are being paid by another individual, government agency, or private entity according to the rules as may be prescribed by the Corporation;
 - Premium contributions for special government programs come from the National Government as appropriated in the GAA; and
 - Premium contributions for Senior Citizen or elderly come from the National Government as appropriated in the GAA.

27. INTEREST AND OTHER INCOME

Interest and other income account is as follows:

	2022	2021
Interest Income	11,544,397,570	9,530,235,840
Other Income	308,766,076	141,084,284
Total	11,853,163,646	9,671,320,124

27.1 Below is the breakdown of the Interest Income:

	2022	2021 (As Restated)
Investment securities at amortized cost	9,920,279,268	7,801,259,843
SSDs and Investment in Time Deposit	318,231,985	218,985,066
Investment in Time Deposit	1,304,226,368	1,508,110,102
Savings and current deposits	1,659,949	1,880,829
Interest Income	11,544,397,570	9,530,235,840

27.2 Below is the breakdown of the Other Income:

	2022	2021 (As Restated)
Accreditation fees – HCPs	28,758,144	19,393,628
Fines and penalties	129,180,069	77,812,971
Rent income	638,791	952,367
Gain on foreign exchange	259,837	133,501
Gain on sale of unserviceable property	229,676	236
Gain on sale of property, plant and equipment		111,205
Other gain	23,319	12,137,263
Miscellaneous income	149,676,240	30,543,113
Other Income	308,766,076	141,084,284

Miscellaneous Income consists of income ranging from P100,000 and above. For PROs, this includes income from sale of valueless records, forfeited performance security and refund of benefit payment collected from delinquent employers.

Rent Income is an income earned from the portion of PRO III office building being leased out to a private entity.

27.3 Other Gains

This account is credited to recognize gains which are not classified under any specific gain accounts. The decrease in the estimated Provision of ICL is credited to this account while an increase is charged to the benefit expense account.

	2022	2021
ICL, end of the year	266,873,312,531	339,309,737,739
CL, beginning of the year	339,309,737,739	1,014,255,679,628
Total	(72,436,425,208)	(674,945,941,889)

Under PAS 8 on Accounting Policies, Changes in Accounting Estimates and Errors, a change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not correction of errors. Paragraph 36 states that:

The effect of a change in an accounting estimate, other than a change to which paragraph 37 applies, shall be recognized prospectively by including it in profit or loss in:

- the period of the change, if the change affects that period only; or
- the period of the change and future periods, if the change affects both.

Further, Paragraph 37 states that:

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognized by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

28. BENEFIT CLAIMS EXPENSES

Benefit Claims Expenses for 2022 and 2021 are recognized at the time of admission.

The benefit claims balance also includes accruals for PCB which were actuarially estimated in December 2019. The same are expected to be paid on the basis of the existing policy on payment of the PCB per family payment rate.

This account is composed of the following:

	2022	2021
Members' Benefits for Direct Contributors	86,970,165,112	82,614,504,895
Members' Benefits for Indirect Contributors	56,092,416,694	53,116,102,274
Interim financing mechanism	269,004,561	4,179,683,792
Debit-credit payment method	-	250,714,852
PhilHealth konsultasyon sulit at tama (KONSULTA) package	228,816,027	22,050
Total	143,560,402,394	140,161,027,863

28.1 Below is the breakdown of the Members' Benefits for Direct Contributors:

	2022	2021 (As Restated)
Government	11,240,792,473	13,695,946,913
Private	28,281,918,690	29,108,134,652
Kasambahay	29,050,204	15,124,491
Family Driver	339,285	117,978
Migrant Worker - Land Based	2,096,764,677	303,150,651
Migrant Worker - Sea Based	97,704,869	1,288,795,346
Filipino with Dual Citizenship/ Living Abroad	20,676,523	376,591
Professional Practitioner	2,522,476	-
Self-Earning Individual	33,250,132,225	24,187,186,963
Self-Earning Individual - Sole Proprietor	3,382,479	1,569,506
Self-Earning Individual - Group Enrollment	522,316,293	48,136,834
Foreign National	11,636,237	3,517,810
Lifetime Members	11,412,646,513	13,962,447,160
Others	282,168	-
Direct Contributors	86,970,165,112	82,614,504,895

28.2 Below is the breakdown of the Members' Benefits for Indirect Contributors:

	2022	2021
Senior citizens	28,695,167,679	17,293,399,354
Indigent – NHTS	15,879,870,523	27,118,845,149
Sponsored	11,517,378,492	8,703,857,771
Indirect Contributors	56,092,416,694	53,116,102,274

29. PERSONNEL SERVICES

Personnel services account includes:

	2022	2021
Salaries and wages	2,382,652,094	1,813,757,226
Other compensation	2,043,349,862	1,860,807,541
Statutory contributions	540,139,105	595,461,597
Other personnel services	6,441,831	7,347,783
Total	4,972,582,892	4,277,374,147

30. OTHER OPERATING EXPENSES

This account is composed of the following:

	2022	2021
MOOE	1,938,498,856	1,413,840,230
Financial Expenses	96,958,546	171,558,188
Non-cash expenses	2,218,298,273	1,959,495,202
Total	4,253,755,675	3,544,893,620

This account represents the administrative costs which must be within the limit prescribed in Section 72, Financial Management of the RIRR of RA No. 7875, as amended by RA No. 9241 and RA No. 10606, known as the "National Health Insurance Act of 2013."

30.1 Below is the breakdown of the MOOE:

	2022	2021 (As Restated)
Traveling Expenses	79,178,933	15,328,638
Training and Scholarship Expenses	30,352,268	18,522,145
Supplies and Materials Expenses	168,139,330	140,091,894
Semi-Expendable Expenses	55,612,980	39,801,878
Water Expenses	7,210,995	6,722,919
Electricity Expenses	182,746,728	142,906,829
Communication Expenses	165,938,346	167,413,579
Awards / Rewards, Prizes and Indemnities	9,522,334	3,785,775
Research, Exploration and Development Expenses	15,962,748	29,924,716
Confidential, Intelligence and Extraordinary Expenses	5,827,007	5,357,680
Auditing Services	64,857,701	66,616,787
Consultancy Services	545,638	-
Other Professional Services	269,224,985	230,623,121
Janitorial Services	84,774,362	81,967,656
Security Services	174,932,949	166,023,779
Repairs & Maintenance	24,052,827	19,409,011
Taxes, Duties and Licenses	415,558	404,671
Fidelity Bond and Insurance Expenses	23,846,399	20,563,997
Advertising Expenses	22,225,401	11,021,330
Marketing and Promotional Expenses	37,324,541	16,043,137
Printing and Publication Expenses	9,949,857	4,831,261
Representation Expenses	61,685,774	39,046,576
Transportation and Delivery Expenses	2,228,221	1,938,455
Rent / Lease Expenses	282,550,111	88,688,354
Membership Dues and Contributions to Organizations	10,150,844	8,530,495
Subscription Expenses	31,989,759	7,798,552
Donations	1,654,337	1,093,833
Major Events Expenses	20,175,880	10,601,957
Other MOOE - Others	95,422,043	68,781,204
Total	1,938,498,856	1,413,840,229

30.2 Below is the breakdown of the Financial Expenses:

	2022	2021
Bank charges	22,873,017	99,169,767
Interest expenses	23,830	49,173
Other financial charges	74,061,699	72,339,248
Total	96,958,546	171,558,188

Interest Expenses include the effect of applying PFRS 16 amounting to P20.861 million.

Other financial charges pertain to transaction fees/service fees of ACAs and Accredited Collecting Banks, rental fees of National Registry of Scrippless Securities facility and other financial charges.

30.3 Below is the breakdown of the Non-Cash Expenses:

	2022	2021 (As Restated)
Depreciation	528,861,606	706,884,358
Depreciation - land improvements	-	399
Depreciation - buildings & structures	1,290,437	1,298,745
Depreciation - machinery and equipment	209,046,869	265,023,998
Depreciation - furniture and fixtures and books	4,492,150	5,039,429
Depreciation - transportation equipment	14,493,515	14,805,816
Depreciation - right-of-use assets	-	-
Depreciation - leased assets improvements	26,922,126	28,817,938
Depreciation - Right-of-Use-Assets	272,589,986	391,866,812
Depreciation - other property, plant & equipment	26,523	31,221
Amortization - Intangible assets	10,206,770	39,967,948
Impairment loss	1,676,675,917	1,208,351,720
Impairment loss - loans and receivables	1,539,716,014	807,537,678
Impairment loss - other receivables	53,538,380	133,393,582
Impairment loss - inter-agency receivables	-	266,820,312
Impairment loss - financial assets held to maturity	328,963	222,230
Impairment loss - Inventories	1,177,736	-
Impairment loss - property, plant & equipment	962	5,455
Impairment loss - intangible assets	707,370	-
Impairment loss - other assets	81,206,492	372,463
Losses	2,553,980	4,291,177
Loss on sale of property, plant, & equipment	477,140	3,752,265
Loss on forex	90,807	47,131
Loss of assets	268,607	4,000
Loss on sale of assets	1,717,426	93,551
Other losses	-	394,230
Total	2,218,298,273	1,959,495,203

31. RELATED PARTY DISCLOSURES

Compensation of key management personnel.

The key management personnel refer to the executive team, with the rank of Senior Vice-President up to PCEO. These individuals have the authority and responsibility for planning, directing, and controlling the activities of the Corporation.

The aggregate compensation of the executive officers for CYs 2022 and 2021 is as follows:

	2022	2021
Salaries and wages	71,450,250	26,202,104
Terminal benefits	794,063	-
Total	72,244,313	26,202,104

The BODs for CYs 2022 and 2021 received the following:

	2022	2021
Honorarium/per diem	8,523,200	8,478,400
Total	8,523,200	8,478,400

December 31, 2021

	Audited	Prior Year Adjustment	Change in Presentation Format	As Restated/ New Presentation Format
Assets				
Current Assets				
Cash & cash equivalents	6,363,794,518	-	-	6,363,794,518
Investment in time deposits	66,238,665,699	-	-	66,238,665,699
Receivables, net	10,627,319,911	15,043,647,895	-	25,670,967,806
Other receivable, IRM	18,669,852	-	-	18,669,852
Inventories	132,012,124	-	-	132,012,124
Other current assets	120,170,608	-	-	120,170,608
Total Current Assets	83,500,632,712	15,043,647,895	-	98,544,280,607
Non-Current Assets				
Investment securities at amortized cost	260,877,460,648	-	-	260,877,460,648
Property and equipment, net	2,569,319,833	(130,507,828)	(644,440,513)	1,794,371,492
Right-of-use of assets	-	-	644,440,513	644,440,513
Intangible assets, net	217,370,134	-	-	217,370,134
Other non-current assets, net	318,210,373	-	-	318,210,373
Total Non-Current Assets	263,982,360,988	(130,507,828)	-	263,851,853,160
TOTAL ASSETS	347,482,993,700	14,913,140,067	-	362,396,133,767

32. RESTATEMENTS AND CHANGES IN PRESENTATION FORMAT OF CERTAIN ACCOUNTS IN THE FINANCIAL STATEMENT

The restatement which is in accordance with PAS 8, pertains to prior period adjustments of semi-expendable expenses applying changes in accounting policies, specific principles, rules and practices in the preparation and presentation of the financial statements. Likewise, the presentation format of certain accounts in the 2019 financial statements were changed to conform with the current year presentation format based on COA Circular No. 2020-002 dated January 28, 2020 and COA Circular No. 2021-009 "Implementation of Philippine Financial Reporting Standard 16 - Leases by all Government Corporations classified as Commercial Public Sector Entities."

Below is the summary of the financial impact of the restatements of the 2021 financial statements pertaining to semi-expendable expenses. On the other hand, the new presentation format of certain accounts did not impact on the financial statement as of December 31, 2022.

32.1 Statement of Financial Position

December 31, 2021

	Audited	Prior Year Adjustment	Change in Presentation Format	As Restated/ New Presentation Format
LIABILITIES AND EQUITY				
Current Liabilities				
Financial liabilities	142,234,204,641	-	(56,136,853,537)	86,097,351,104
Inter-agency payables	645,224,113	-	-	645,224,113
Trust liabilities	1,755,243,689	-	-	1,755,243,689
Provision for Health Benefits -IBNR	-	-	55,453,415,291	55,453,415,291
Other payables	2,212,752,741	-	-	2,212,752,741
Total Current Liabilities	146,847,425,184	-	(683,438,246)	146,163,986,938
Non-Current Liabilities				
Unearned income	1,266,530,830	-	-	1,266,530,830
Lease payable	-	-	683,438,246	683,438,246
Leave benefits payable	1,121,556,490	-	-	1,121,556,490
Provision for ICL	1,014,255,679,628	(674,945,941,889)	-	339,309,737,739
Total Non-Current Liabilities	1,016,643,766,948	(674,945,941,889)	683,438,246	342,381,263,305
TOTAL LIABILITIES	1,163,491,192,132	(674,945,941,889)	-	488,545,250,243
EQUITY				
Members' Equity	(816,008,198,432)	689,859,081,956	-	(126,149,116,476)
Total Equity	(816,008,198,432)	689,859,081,956	-	(126,149,116,476)
TOTAL LIABILITIES AND EQUITY	347,482,993,700	14,913,140,067	-	362,396,133,767

32.2 Statement of Comprehensive Income

December 31, 2021

	Audited	Prior Year Adjustment	As Restated
Premium contributions	171,174,395,113	15,043,647,895	186,218,043,008
Less: Benefit claims expenses	140,161,027,863	-	140,161,027,863
GROSS MARGIN FROM OPERATIONS	31,013,367,250	15,043,647,895	46,057,015,145
Operating expenses			
Personnel services	4,277,374,147	-	4,277,374,147
Other operating expenses	3,568,206,170	(23,312,550)	3,544,893,620
TOTAL OPERATING EXPENSES	7,845,580,317	(23,312,550)	7,822,267,767
NET OPERATING INCOME (LOSS)	23,167,786,933	15,066,960,445	38,234,747,378
Add: Interest and other income	9,671,320,124	674,945,941,889	684,617,262,013
NET INCOME	32,839,107,057	690,012,902,334	722,852,009,391
OTHER COMPREHENSIVE INCOME	-	-	-
NET INCOME	32,839,107,057	690,012,902,334	722,852,009,391

32.3 Statement of Changes in Equity

December 31, 2021

	Audited	Prior Year Adjustment	As Restated
SURPLUS			
Surplus at January 1	-	-	-
Net income without ICL	32,839,107,057	15,066,960,444	47,906,067,501
Prior year adjustment	2,871,207,372	-	2,871,207,372
Adjustment to contingent capital	-	-	-
Total Surplus	35,710,314,429	15,066,960,444	50,777,274,873
Surplus transferred to reserves	(35,710,314,429)	(15,066,960,444)	(50,777,274,873)
Surplus at December 31	-	-	-
RESERVE FUND			
Reserve at January 1	140,874,550,031	(153,820,377)	140,720,729,654
Surplus transferred to reserves	35,710,314,429	15,066,960,444	50,777,274,873
3 Reserve Fund at December 31	176,584,864,460	14,913,140,067	191,498,004,527
Provision for insurance contract liabilities (ICL)	(992,593,062,892)	674,945,941,889	(317,647,121,003)
TOTAL MEMBERS' EQUITY	(816,008,198,432)	689,859,081,956	(126,149,116,476)

32.4 Statement of Cash Flow

December 31, 2021

	Audited	Prior Year Adjustment	New Presentation Format
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Cash received from premium contributions	172,591,693,945	-	172,591,693,945
Interest received from investments	10,358,834,702	-	10,358,834,702
Collection of other income	434,725,500	-	434,725,500
Gain (Loss) on foreign exchange	-	22,257	22,257
Collection of rent income	966,181	-	966,181
Reimbursement of point of service (POS)	9,522,070	-	9,522,070
Income from grants and donation	-	-	-
Total Cash Inflows	183,395,742,398	22,257	183,395,764,655
Cash Outflows			
Payment of benefit claims	100,236,837,967	-	(100,236,837,967)
Payment of operating expenses			
Payment of Personnel Service	(2,686,605,912)	-	(2,686,605,912)
Payment of MOOE	(2,514,030,917)	-	(2,514,030,917)
Payment to Officers & Employees	(728,121,020)	-	(728,121,020)
Payment of Leave Benefits	(21,706,015)	-	(21,706,015)
Payment of financial charges	(37,903)	-	(37,903)
Total Cash Outflows	(106,187,339,734)	-	(106,187,339,734)
Net Cash Operating Activities	77,208,402,664	22,257	77,208,424,921

December 31, 2021			
	Audited	Prior Year Adjustment	New Presentation Format
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Matured time deposits	183,116,448,228	-	183,116,448,228
Matured treasury bills	4,576,728,014	-	4,576,728,014
Matured treasury bonds	59,026,529,000	-	59,026,529,000
Proceeds from disposal of assets	250,482	-	250,482
Total Cash Inflows	246,719,955,724	-	246,719,955,724
Cash Outflows			
Placement on time deposits	(182,119,647,809)	-	(182,119,647,809)
Placement on treasury bills	-	-	-
Placement on treasury bonds	(162,620,621,333)	-	(162,620,621,333)
Accrued interest paid on placement of bonds	(866,458,172)	-	(866,458,172)
Purchase of Fixed assets	(201,182,425)	-	(201,182,425)
Total Cash Outflows	(345,807,909,739)	-	(345,807,909,739)
Net Cash Investing Activities	(99,087,954,015)	-	(99,087,954,015)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Inflow			
Trust receipts	504,431,434	-	504,431,434
Total Cash Inflow	504,431,434	-	504,431,434
Cash Outflows			
Finance Lease			
Principal	(274,200,715)	-	(274,200,715)
Interest	(36,378,196)	-	(36,378,196)
Total Cash Outflows	(310,578,911)	-	(310,578,911)
Net Cash Financing Activities	193,852,523	-	193,852,523
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(21,685,698,828)	22,257	(21,685,676,571)
Reversal of interest income on treasury bonds	(1,014,000)	-	(1,014,000)
Gain(Loss) on Foreign Exchange	22,257	(22,257)	-
CASH AND CASH EQUIVALENT, JANUARY 1	28,050,485,089	-	28,050,485,089
CASH AND CASH EQUIVALENT, DECEMBER 31	6,363,794,518	-	6,363,794,518

32.5 Revenue - Premium Contribution

December 31, 2021				
	Audited	Prior Year Adjustment	Change in Presentation Format	New Presentation Format
Premium Contributions				
Direct Contributors				
Government	23,185,415,819	3,832,768,97	(56,136,853,537)	86,097,351,104
Private				
Private	59,802,655,394	9,571,324,756	-	69,373,980,150
Enterprise Owner	2,270,661	-	(2,270,661)	-

December 31, 2021				
	Audited	Prior Year Adjustment	Change in Presentation Format	New Presentation Format
Kasambahay	71,974,905	-	(71,974,905)	-
Family Driver	61,241	-	(61,241)	-
Informal Economy				
Kasambahay	-	-	71,974,905	71,974,905
Family Driver	-	-	61,241	61,241
Migrant Worker -Land based				
Migrant Worker	142,648,108	-	(142,648,108)	-
Migrant Worker-Land based	71,236,091	63,606,658	142,648,108	277,490,857
Migrant Worker-Sea based	801,492	-	-	801,492
Naturalized Filipino Citizen	1,222,973	-	(1,222,973)	-
Citizen of Other countries working/Studying in the Phils.	13,887,173	-	(13,887,173)	-
Filipino with Dual Citizenship	333,960	-	1,222,973	1,556,933
Woman about to give birth	81,507	-	-	81,507
Professional Practitioner	11,014,711	-	-	11,014,711
Self - Earning Individual				
Informal Sector	4,659,549,925	-	(4,659,549,925)	-
Self- Earning Individual	2,190,518,544	1,575,947,507	4,659,549,925	8,426,015,976
Self-earning Ind. - Sole Proprietor	-	-	2,270,661	2,270,661
Organized Group	777,555,105	-	(777,555,105)	-
Self- Earning Ind. - Group Enrollment Scheme	-	-	777,555,105	777,555,105
Foreign National	4,376,552	-	13,887,173	18,263,725
Indirect Contributors				
Indigents - NHTS	30,600,693,600	-	-	30,600,693,600
Senior Citizens	49,059,040,000	-	-	49,059,040,000
Special government programs				
PAMANA	50,553,600	-	-	50,553,600
Sponsored				
LGUs	47,679,877	-	-	47,679,877
Point of Service	239,787,675	-	-	239,787,675
Person with Disability	240,000,000	-	-	240,000,000
Others	1,036,200	-	-	1,036,200
Total Premium Contributions	171,174,395,113	15,043,647,894	-	186,218,043,007

32.6 Interest and Other Income

December 31, 2021				
	Notes	Audited	Change in Presentation Format	New Presentation Format
Interest Income				
	2022			
	2021			
	27			
Investment in Securities at Amortized Cost		7,801,259,843	-	7,801,259,843
Treasury Bonds		7,776,846,438	-	7,776,846,438
Treasury Bills		24,413,405	-	24,413,405

		December 31, 2021		
Notes	Audited	Change in Presentation Format	New Presentation Format	
SSD and Time Deposits	1,727,095,168	-	-	
Special Saving Deposits	-	(1,727,095,168)	218,985,066	
Investment in Time Deposits	-	218,985,066	1,508,110,102	
Savings and Current Deposits	1,880,829	1,508,110,102	1,880,829	
Total Interest Income	9,530,235,840	-	9,530,235,840	
Other Income	27	24		
Accreditation Fees	19,393,628	-	19,393,628	
Gain (Loss) on Foreign Exchange	133,501	-	133,501	
Sale of Disposed/Unserviceable Property	-	-	-	
Gain on Sale of Property, Plant and Equipment	237	-	237	
Gain on Sale of Unserviceable Property	111,205	-	111,205	
Other Gain	12,137,263	-	12,137,263	
Fines and Penalty	77,812,971	-	77,812,971	
Rent Income	952,366	-	952,366	
Miscellaneous Income	30,543,113	-	30,543,113	
Total Other Income before change in ICL	141,084,284	-	141,084,284	
Other Gains – change in ICL	-	674,945,941,889	674,945,941,889	
Total Interest and Other Income	9,671,320,124	674,945,941,889	684,617,262,013	

		December 31, 2021		
	Audited	Prior Year Adjustment	As Restated	
Maintenance and Other Operating Expenses				
Traveling Expenses	15,328,638	-	15,328,638	
Training and Scholarship Expenses	18,522,145	-	18,522,145	
Supplies and Materials Expenses	140,091,894	-	140,091,894	
Semi-Expendable Expenses	25,917,360	13,884,518	39,801,878	
Water Expenses	6,722,919	-	6,722,919	
Electricity Expenses	142,906,829	-	142,906,829	
Communication Expenses	167,413,579	-	167,413,579	
Awards / Rewards, Prizes and Indemnities	3,785,775	-	3,785,775	
Research, Exploration and Development Expenses	29,924,716	-	29,924,716	
Confidential, Intelligence and Extraordinary Expenses	5,357,680	-	5,357,680	
Auditing Services	66,616,787	-	66,616,787	
Other Professional Services	230,623,121	-	230,623,121	
Janitorial Services	81,967,656	-	81,967,656	
Security Services	166,023,779	-	166,023,779	
Repairs & Maintenance	19,409,011	-	19,409,011	
Taxes, Duties and Licenses	404,671	-	404,671	
Fidelity Bond and Insurance Expenses	20,563,997	-	20,563,997	
Advertising Expenses	11,021,330	-	11,021,330	
Marketing and Promotional Expenses	16,043,137	-	16,043,137	

		December 31, 2021		
	Audited	Prior Year Adjustment	As Restated	
Printing and Publication Expenses	4,831,262	-	4,831,262	
Representation Expenses	39,046,576	-	39,046,576	
Transportation and Delivery Expenses	1,938,455	-	1,938,455	
Rent / Lease Expenses	88,688,354	-	88,688,354	
Membership Dues and Contri. to Organizations	8,530,495	-	8,530,495	
Subscription Expenses	7,798,552	-	7,798,552	
Donations	1,093,833	-	1,093,833	
Major Events Expenses	10,601,957	-	10,601,957	
Other MOOE – Others	68,781,204	-	68,781,204	
Total MOOE	1,399,955,712	13,884,518	1,413,840,230	
Financial Expenses	171,558,188	-	171,558,188	
Non-Cash Expenses	1,996,692,270	(37,197,068)	1,959,495,202	
Total Other Operating Expenses	3,568,206,170	(23,312,550)	3,544,893,620	
Total Operating Expenses	7,845,580,317	(23,312,550)	7,822,267,767	
TOTAL EXPENSES	148,006,608,180	(23,312,550)	147,983,295,630	

33. OTHER SIGNIFICANT AND RELEVANT INFORMATION

33.1 PhilHealth as Commercial Public Sector Entity

PhilHealth is now a CPSE per COA Resolution No. 2020-013 dated January 31, 2020, re: Renaming Government Business Entities (GBEs) and Non-Government Business Entities (Non-GBEs) into Commercial Public Sector Entities (CPSEs) and Non-Commercial Public Sector Entities (Non-CPSEs) pursuant to the 2018 Edition of the Handbook of International Public Sector Accounting Pronouncements (HIPSAP) Published by the International Federation of Accountants (IFAC) and the International Public Sector Accounting Standard Board (IPSASB) and its adoption of the PFRSs as its financial reporting framework.

Formerly, PhilHealth is a GBE per COA Resolution No. 2018-001 dated January 20, 2018, re: Reclassification of the Philippine Health Insurance Corporation from a Non-Government Business Enterprise (Non-GBE) to a Government Business Enterprise (GBE) and its adoption of the PFRS as its financial reporting framework.

33.2 POS Program

The DBM has issued the following Special Allotment Release Order (SAROs) for the payment of cost of availment for CY2017 benefit claims of financially incapable families under UHC through POS Program, chargeable against PhilHealth's authorized appropriation under RA No. 10924, FY 2017.

The release of the corresponding cash allocation is subject to PhilHealth's submission of the names of CY2017 POS patients together with the actual amount of claims with the required premium contributions to DBM.

SARO No.	Amount of SARO	DBM Releases from CYs 2017 to 2022
SARO-BMB-C-17-0023166	91,333,530	91,333,530
SARO-BMB-C-17-0025119	103,350,096	103,350,096
SARO-BMB-C-17-0025794	2,805,316,374	1,196,668,091
Total	3,000,000,000	1,391,351,717

33.3 PhilHealth Supplemental Benefits

On December 28, 2018, the DBM issued SARO No. SARO-BMB-C-18-0035076 P8.597 billion which include the locally funded project "PhilHealth Supplemental Benefits" for all government employees of the Executive Branch amounting to P3.5 billion. No Notice of Cash Allotment received yet for the P3.5 billion as at December 31, 2022.

33.4 Arrears of the National Government as an Employer

The information below, though not recorded in PhilHealth's books of accounts, are deemed necessary to be disclosed.

PhilHealth had adjusted premium contribution of the Employed Sector in CY 2013 through PhilHealth Circular No. 057, s. of 2012 which prescribes P875.00 per month as the maximum contribution shared equally by the Employer and the Employee at P437.50 each. However, DBM has only allocated P312.50 or a 40 per cent discrepancy. The Corporation had formally billed the DBM of the estimated National Government Employer Premium Differential and requested allocation of the unappropriated balances for the following periods:

Arrears	Amount
CYs 2001-2012	9,664,042,012
CY 2013	330,691,801
CY 2014	330,691,801
CY 2015	330,691,801
CY 2016	330,691,801
Total	10,986,809,216

33.5 Assigned lot to PRO III

A parcel of lot with a total area of 1,831 sq. m. located within the Government Center, Barangay Maimpis, City of San Fernando, Pampanga was assigned to PRO III per Deed of Assignment from Regional Government Center of San Fernando, Pampanga through a MOA executed by and between the RDC III and the PhilHealth. A warehouse was constructed in this lot with a carrying amount of P2.520 million in the financial statements.

33.6 Non-remittance of GSIS Premium for Disallowed Salary Adjustments

The GSIS premium amounting to P20.605 million was part and parcel of the salary adjustments given to the Corporation's employees, but subsequently disallowed by COA. The said amount is still outstanding and not yet remitted to GSIS per Opinion No. 56, Series of 2018 from the OGCC dated March 26, 2018 stating that PhilHealth should keep the amount originally intended to be remitted to GSIS as premiums corresponding to the adjusted salaries of its employees without prejudice to its remittance in the event the ND is lifted.

33.7 Number of Outstanding Legal Cases

In compliance to PAS 37, disclosure of information on contingent liabilities particularly on the outstanding legal cases concerning litigations and claims are required. The Notice of Disallowances (NDs) from the Commission on Audit (COA) were classified as remote because of the uncertainty of the final outcome. It shall be recorded once the Supreme Court has issued their final ruling including the denial of the

corresponding Motion for Reconsideration and COA has issued a Notice of Finality with the Order of Execution. In cases where there is a filed Motion for Intervention, recording is further deferred until the receipt of a resolution.

	No. of Cases	Amount
Complaints Against		
Health Care Institutions (HCIs)	1,031	116,552,540
Health Care Professionals (HCPs)	273	15,796,976
Employers	105	11,578,545
Members	8	720,000
PhilHealth/PhilHealth Employees	69	-
Others	6	3,640
COA - ND	1,528	7,833,216,695
Total	3,020	7,977,868,396

Head Office

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs*	-	78,701,237	-	-	78,701,237
HCPs*	-	2,196,000	-	-	2,196,000
Employers	-	-	-	-	-
Members*	-	720,000	-	-	720,000
PhilHealth PhilHealth Employees	-	-	-	-	-
COA - ND	-	-	-	1,900,551,665	1,900,551,665
Total	-	81,617,237	-	1,900,551,665	1,982,168,902

*Outcome of certain cases cannot be estimated due to pending court decision, thus, only total amount is indicated.

NCR

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs*	-	3,380,909	-	-	3,380,909
HCPs*	-	-	-	-	-
Employers	-	-	-	-	-
Members*	-	-	-	-	-
PhilHealth PhilHealth Employees	-	-	-	-	-
COA - ND	-	-	-	604,086,200	604,086,200
Total	-	3,380,909	-	604,086,200	607,467,109

*Outcome of certain cases cannot be estimated due to pending court decision, thus, only total amount is indicated.

CAR

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	3,354,640	-	-	3,354,640
HCPs*	-	368,924	-	-	368,924
Employers	-	-	-	-	-
Members*	-	-	-	-	-
PhilHealth PhilHealth Employees	-	-	-	-	-
COA - ND	-	-	-	340,055,105	340,055,105
Total	-	3,723,564	-	340,055,105	343,778,669

*Outcome of certain cases cannot be estimated due to pending court decision, thus, only total amount is indicated.

PRO I

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	-	-	-	-
HCPs	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth PhilHealth Employees	-	-	-	-	-
COA - ND	-	-	-	227,524,901	227,524,901
Total	-	-	-	227,524,901	227,524,901

PRO II

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	8,140,087	-	-	8,140,087
HCPs	-	-	-	-	-
Employers	-	1,384,376	3,558,617	1,388,119	6,331,112
Members	-	-	-	-	-
PhilHealth PhilHealth Employees	-	-	-	-	-
COA - ND	-	-	-	339,129,376	339,129,376
Total	-	9,524,463	3,558,617	340,517,495	353,600,575

PRO III

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	-	-	-	-
HCPs	-	659,880	-	-	659,880
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth PhilHealth Employees	-	-	-	-	-
COA - ND	-	-	-	610,474,673	610,474,673
Total	-	659,880	-	610,474,673	611,134,553

PRO IV-A

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	-	-	9,259,855	9,259,855
HCPs	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth PhilHealth Employees	-	-	-	-	-
COA - ND	-	-	-	285,331,164	285,331,164
Total	-	-	-	294,591,019	294,591,019

PRO IV-B

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI	-	-	2,395,228	-	2,395,228
HCP	-	-	2,563,368	-	2,563,368
Employers	196,951	-	1,347,811	910,592	2,061,452
5252Members	-	-	-	-	-
PhilHealth/PhilHealth Employees	-	-	-	-	-
Others	-	-	3,640	-	3,640
COA - ND	-	-	-	358,781,932	358,781,932
Total	196,951	-	6,310,047	359,692,524	365,805,620

PRO V

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI	-	809,778	-	-	809,778
HCP	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth PhilHealth Employees*	-	-	-	-	-
COA - ND	-	-	-	459,793,951	459,793,951
Total	-	809,778	-	459,793,951	460,603,729

PRO V

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI	-	873,488	-	-	873,488
HCP	-	70,350	-	-	70,350
Employers	289,955	187,050	-	-	477,005
Members	-	-	-	-	-
PhilHealth PhilHealth Employees*	-	-	-	-	-
COA - ND	-	-	-	598,080,882	598,080,882
Total	289,955	1,130,888	-	598,080,882	599,501,725

PRO VII

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI	4,000	1,458,564	-	-	1,458,564
HCP	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth PhilHealth Employees	-	-	-	-	-
COA - ND	-	-	-	283,597,209	283,597,209
Total	4,000	1,458,564	-	283,597,209	285,055,773

PRO VIII

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI	-	496,296	-	-	496,296
HCP	-	67,350	-	-	67,350
Employers	-	-	-	-	-
5252Members	-	-	-	-	-
PhilHealth/PhilHealth Employees	-	-	-	-	-
Others	-	-	-	-	-
COA - ND	-	-	-	275,401,452	275,401,452
Total	-	563,646	-	275,401,452	275,965,098

PRO IX

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI	-	844,735	-	-	844,735
HCP	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth PhilHealth Employees*	-	-	-	-	-
COA - ND	-	-	-	253,054,132	253,054,132
Total	-	844,735	-	253,054,132	253,898,867

PRO X

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI	-	573,860	2,723,883	1,025,479	4,323,222
HCP	-	-	96,000	-	96,000
Employers	327,639	691,622	2,110,358	-	3,129,619
Members	-	-	-	-	-
PhilHealth PhilHealth Employees*	-	-	-	-	-
COA - ND	-	-	-	471,336,385	471,336,385
Total	327,639	1,265,482	4,930,241	472,361,864	478,885,226

PRO XI

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCI	-	633,080	-	-	633,080
HCP	-	199,120	-	-	199,120
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth PhilHealth Employees	-	-	-	-	-
COA - ND	-	-	-	347,572,118	347,572,118
Total	-	832,200	-	347,572,118	348,404,318

PRO XII

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	-	-	295,985	295,985
HCPs	-	-	-	32,000	32,000
Employers	297,641	-	-	-	297,641
5252Members	-	-	-	-	-
PhilHealth/PhilHealth Employees	-	-	-	-	-
Others	-	-	-	-	3,640
COA - ND	-	-	-	32,106,488	32,106,488
Total	297,641	-	-	32,434,473	32,732,114

PROCARAGA

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	1,522,000	1,522,000	-	3,044,000
HCPs	-	180,040	404,980	220,000	805,020
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth PhilHealth Employees*	-	-	-	-	-
COA - ND	-	-	-	408,040,852	408,040,852
Total	-	1,702,040	1,926,980	408,260,852	411,889,872

PROBARM

	Settled	Probable	Possible	Remote	Total
Complaints Against					
HCIs	-	3,911,300	3,313,500	59,600	7,284,400
HCPs	-	-	-	-	-
Employers	-	-	-	-	-
Members	-	-	-	-	-
PhilHealth PhilHealth Employees*	-	-	-	-	-
COA - ND	-	-	-	38,298,210	38,298,210
Total	-	3,911,300	3,313,500	38,357,810	45,582,610

34. SUPPLEMENTARY TAX INFORMATION UNDER REVENUE REGULATION (RR) NO. 15 - 2010

The taxes, duties and licenses fees paid and accrued during the taxable year required under RR No. 15-2010 are as follows:

	2022	2021
Real estate tax, license and permit taxes	376,957	368,946
Taxes on compensation and benefits	355,210,350	230,682,810
Government Money Payments	61,063,635	62,459,077
Expanded withholding taxes	1,679,376,992	697,954,565
Total	2,096,027,934	991,465,398

Other Taxes, Duties and Licenses amounted to P376,957 and P368,946 for CYs 2022 and 2021, respectively, are taxes paid for real property taxes and other fees paid to regulatory entities.

Board of Directors



Dr. Teodoro J. Herbosa
Secretary
Department of Health (DOH)



Emmanuel R. Ledesma, Jr.
President and Chief Executive Officer
Office of the President and Chief Executive Officer



Rexlon T. Gatchalian
Secretary
Department of Social Welfare
and Development (DSWD)



Bienvenido E. Laguesma
Secretary
Department of Labor
and Employment (DOLE)



Benjamin E. Diokno
Secretary
Department of Finance (DOF)



Amenah F. Pangandaman
Secretary
Department of Budget Management (DBM)



Atty. Lora L. Mangasar
Corporate Secretary
Office of the Corporate Secretary



Atty. Mauro Anthony B. Cabading, III
Corporate Legal Counsel
Office of the Corporate Legal Counsel



Dr. Jack G. Arroyo
Board Member - Expert Panel

Dr. Jack G. Arroyo, Jr., M.D., B.Sc. is a pioneering and innovative medical professional with a diverse range of experiences. He started his career by managing his family's rice mill while still studying medicine at the University of the Philippines. During his residency, he was elected as President of the Glaucoma Research Foundation and upgraded the Eye Referral Center, the first comprehensive eye center in the Philippines. He also trained in refractive surgery under Dr. James J. Saiz in California and established the first privately owned ophthalmological center in the country, the American Eye Correction Center, which later became the American Eye Center. In May 1995, he performed the first LASIK procedure in Asia.

Dr. Arroyo has had a significant impact on the field of ophthalmology in the Philippines. He founded the first sister society of the American Society of Cataract and Refractive Surgery in the world, the Philippines Society of Cataract and Refractive Surgery, and has been a speaker at the American Society of Cataract and Refractive Surgery. With almost 20 years of practice, he has performed over 34,000 eye surgeries and has been recognized for his contributions to the field.

In addition to his medical career, Dr. Arroyo has also been involved in various other roles, including serving as an independent director on the Board of Directors of San Miguel Global Power Holdings Company, as a member of the Board of Directors of PhiiHealth representing local chief executives and the self-employed sector, and as a founding member of Lifeline Arrows Inc., an emergency care institution. He has also been politically active, supporting campaigns of Congressmen and Senators in the Philippines. Dr. Arroyo's extensive experience and contributions in various fields highlight his leadership and commitment to making a difference in his profession and beyond. *ti odis nonsequi accum hillupiet re quis a cum re voluptasim.*

BGen. Marlene R. Padua, AFP (Ret.)
Board Member - Health Care Providers Sector

Education

Health Service Management, PhD in Nursing-University of the Philippine Baguio, University of the Philippines Manila • Master of Arts in Nursing-University of Asia and the Pacific • Pre-Nursing/Graduate Nurse/Bachelor of Science in Nursing-St. Louis University College of Arts and Science General Hospital School of Nursing- Philippine Women's University • Secondary Education-St. Louis University High School Baguio City • Basic Education-St. Louis University Elementary School Baguio City

Prior to her stint as a member of the PhilHealth Board as representative for the Health Care Provider Sector, BGen. Padua served as Chair of the Advisory Council of the PNP Health Service PATROL Plan of the Philippine National Police Health Service in 2017. BGen. Padua also served as Dean of the College of Nursing in Arellano University in Pasig in 2012. She was a faculty member and research coordinator in Florentino Cayco Memorial School of Graduate Studies 2009. BGen. Padua also served as Chief Nurse in the Nurse Corps. of the Armed Forces of the Philippines from 2004-2007; Chief Nurse of the Philippine Army from 2003-2004; Deputy Chief Nurse of the Philippine Navy in 2001-2003; Assistant Chief Nurse for Clinical Service Fort Bonifacio General Hospital in 1999-2000. BGen. Padua also served as Command Nurse of the 4th Infantry Division/Camp Evangelista Station Hospital in Cagayan De Oro 1998-1999. She also served as Staff Nurse from 1987 to 1998 at the Coney Island Hospital, Brooklyn, New York, USA; Nurse-In-Charge from 1984-1986 at the Bonifacio Naval Station Dispensary and Chief Registrar from 1983 to 1984 and Head Nurse from 1973-1983 in the AFP Medical Center.



Dr. Rene Elias C. Lopez
Board Member - Employers Group

Leadership Overview

Dr. Rene Elias C. Lopez is an incumbent member of the Board of Directors of the Philippine National Oil Company Renewables Corporation. His professional affiliations include being a Member of the Philippine Medical Association and the Davao Medical Society and a Consultant in General Surgery at Davao Doctors Hospital, San Pedro Hospital, Medical Mission Group Hospital, Inc., and Brokenshire Hospital.

Public Health Experience

Dr. Lopez was a Medical Officer at the Department of Surgery of Davao Medical Center from 1991 to 1995. In 1996, he became a Medical Specialist/Regional Medical Training Officer and Regional Coordinator at the Department of Health Regional Office XI, which lasted for six years. From 2009 to 2019, Dr. Lopez was a Quarantine Medical Officer at the Bureau of Quarantine, Port of Davao, DOH.

Dr. Jason Ronald N. Valdez
Board Member - Direct Contributors Group

Direct Contributors Sector

Dr. Jason is a graduate of the De La Salle University accelerated medical program achieving a degree in Human Biology from DLSU-Manila and his doctor of medicine degree from DLSU-Health Sciences Campus. He passed the physician licensure examination of the Philippines in 2007, and the U.S. Medical Licensure Examination in 2009. He pursued further studies in the University of the Philippines obtaining a Masters degree in Public Health and completing the academic units in Hospital Administration. He has served in various positions in the health care industry, not merely in the clinical setting, but also in the management and operation of health institutions. He is a member of the international maritime health association, being involved in the industry for 8 years.

His advocacy is a holistic health and wellness promotion in the career of every seafarer while on board and ashore or both. He aims to benefit both the seafarer with a long and healthy seafaring career, as well as the ship owners with an increasingly productive workforce.



Alejandro Labrado Cabading, CPA
Expert Panel

Education

BSC Major in Accountancy-Ateneo De Zamboanga 1980 -1984 • AB Political Science-University Western Mindanao State University • Claret School of Zamboanga City • Canelar Elementary School

Mr. Cabading was a proprietor at the Alejandro L. Cabading Accounting Office from 1995 prior to his appointment as member of the PhilHealth Board expert panel. Mr. Cabading served as College Instructor in Ateneo De Zamboanga University from 1994-1997 and Zamboanga Arturo Eustaquio College in 1990 to 1994. He also served as Branch Accountant at Marsman Inc., Pharmaceutical Co. from Apr 1992 to 1994 and was a Production Assistant at the Garment Export Co., Creative Lines Inc. from May 1990 to Dec 1990.

Mr. Cabading is a member of the Philippine Institute of Certified Public Accountant and Employers' Confederation of the Philippines.



Executive Officers



Emmanuel R. Ledesma, Jr.
President and Chief Executive Officer
Office of the President and Chief Executive Officer



Atty. Eli Dino D. Santos
Executive Vice-President and Chief Operating Officer
OEVP - /COO



SENIOR VICE-PRESIDENTS

From left to right: **SVP Israel Francis A. Pargas, M.D.**, Health Finance Policy Sector (HFPS) • **SVP Dennis S. Mas**, Management Services Sector (MSS) • **SVP Nerissa R. Santiago**, Actuarial Services & Risk Management Sector

SENIOR VICE-PRESIDENTS

From left to right: **SVP Jovita V. Aragona**, Chief Information Officer/Information Management Sector (IMS) • **SVP Renato L. Limsiaco**, Fund Management Sector (FMS) • **SVP Atty. Jose Mari F. Tolentino**, Legal Sector



VICE-PRESIDENTS

From left to right: **VP Clementine A. Bautista, M.D.**, PhilHealth UHC Surge Team • **VP Ann Marie C. San Andres**, Internal Audit Group (IAG) • **VP Atty. Jay R. Villegas**, Arbitration Office

VICE-PRESIDENTS

From left to right: **VP Rey T. Baleña**, Corporate Affairs Group (CAG) • **VP Lemuel T. Untalan**, Member Management Group (MMG) • **VP Francisco Z. Soria, M.D.**, Quality Assurance Group (QAG)



AREA-VICE-PRESIDENTS

From left to right: **VP Bernadette C. Lico, M.D., PRO-NCR** • **AVP Atty. Alfredo B. Pineda, II, Area III** • **AVP Gregorio C. Rulloda, Area IV** • **AVP Walter R. Bacareza, Area I & II** • **VP Edgardo F. Faustino, PRO-III**



REGIONAL VICE-PRESIDENTS

From left to right: **RVP (Ret. BGen.) Llewellyn R. Binasoy, PRO II** • **RVP Dennis B. Adre, PRO I** • **RVP Danilo M. Reyes, M.D., PRO IVA** • **RVP Dominga A. Gadgad, M.D., CAR**



REGIONAL VICE-PRESIDENTS

From left to right: **RVP Marjorie A. Cabrieto**, PRO-VII • **RVP Henry V. Almanon**, PRO-V • **RVP Janet A. Monteverde** (not in photo), PRO-VI • **RVP Atty. Jerry F. Ibay**, PRO-IVB

REGIONAL VICE-PRESIDENTS

From left to right: **RVP Ronald S. Jabay**, PRO-VIII • **RVP Delio A. Aseron, II**, PRO-X • **RVP Paolo Johann C. Perez**, PRO-IX



REGIONAL VICE-PRESIDENTS

From left to right: **RVP Masiding M. Alonto, Jr.**, BARM • **RVP Michael Jibson C. Hernandez**, CARAGA • **RVP Hector Zenon P. Malate, M.D.**, PRO-XII • **RVP Harvey L. Carcedo**, PRO-XI



SENIOR MANAGERS

From left to right: **SM Nadine B. Navarro**, Corporate Marketing (CorMar) • **SM Arsenia B. Torres**, Social Health Insurance Academy (SHIA) • **SM Alejandro Dennis T. Lim**, Organization and Systems Development Office (OSDO) • **SM Atty. Francis Jay E. Remigio**, International and Local Engagement Department (ILED) • **SM Edwin M. Oriña, M.D.**, Corporate Planning Department



SENIOR MANAGERS

From left to right: **SM Atty. Roy A. Maranan**, Protest and Appeals Review Department (PARD) • **SM Atty. Ernesto P. Barbado, Jr.**, Fact-Finding Investigation and Enforcement Department (FFIED) • **SM Atty. Michael Troy A. Polintan**, Operations Audit Department

SENIOR MANAGERS

From left to right: **SM Atty. Alex B. Cañaverl**, Financial Audit Department • **SM Atty. Rogelio A. Pocallan, Jr.**, Internal Legal Department (ILD) • **SM Atty. Andrei C. Samson**, Prosecution Department (Prosec)



SENIOR MANAGERS

From left to right: **SM Cherie Carmen B. Divina**, Comptrollership Department (Comptro) • **SM Rizza Majella L. Herrera, M.D.**, Accreditations Department (Accre) • **SM Melanie C. Santillan, M.D.**, Benefits Development and Research Department (BDRD) • **SM Lambert S. David, M.D.**, Standards and Monitoring Department (SMD) • **SM Atty. Ma. Emily P. Roque**, Treasury Department



SENIOR MANAGERS

From left to right: **SM Rex Paul R. Recoter**, Formal Sector - MMG • **SM William O. Chavez**, Special Programs Department • **SM Cheryl W. Peña**, Human Resource Department (HRD) • **SM Lolita V. Tuliao**, Physical Resource and Infrastructure Department (PRID)



SENIOR MANAGERS

From left to right: **SM Annie Rose B. Gaffud**, Corporate Information Security Department (InfoSec) • **SM Nelson S. De Vera**, Information Technology Management Department (ITMD) • **SM Jeanie T. Bernolia**, Project Management Office - PhilHealth Identity Management System • **SM Maria Ellen Y. Herrera** (not in photo), Project Management Team for Risk Management



BRANCH MANAGERS

From left to right: **BM Arlan M. Granali**, PRO-III-Branch B • **BM Alberto C. Manduriao**, PRO-NCR-North Branch • **BM Rowena S. Zabat-San Mateo**, PRO-III-Branch A • **BM Atty. Recto M. Panti**, PRO-NCR-Central Branch • **BM Raul B. Tuquero, M.D.**, PRO-NCR-South Branch

Directory

Head Office Address

709 Citystate Centre Bldg., Shaw Blvd., Pasig City
(02) 8 441-7442

PRO NCR South - Pasig

8007 Pioneer Street, Kapitolyo, Pasig City

Pasig

Ground Floor, Iriz One Corporate Centre
35 Meralco Avenue, Cor. Segundo Street,
San Antonio, Pasig City

Taguig

Global Satellite Office, 7th Floor
SM Aura Tower, Bonifacio Global City, Taguig

Makati

2326 Chino Roces Ave., Extension,
Brgy. Magallanes, Makati City

Parañaque

HRDC Building, Km. 16 South Super Highway
Corner ACSIE Road, Severenian Industrial Estate,
West Service Road, Bgy. Marcelo Green, Parañaque
City

PRO NCR

VCP Building, Block 56, Lot 11, 68 Kalayaan Avenue,
Teacher's Village West, Quezon City
(02) 8 441-5673

PRO NCR Central - Quezon City

Corporate 145 Building,
145 Mother Ignacia, Barangay
South Triangle, Quezon City

Local Health Insurance Office

South Triangle, Quezon City
Lower Ground Floor, Corporate Building
145 Mother Ignacia, Barangay
South Triangle, Quezon City
(02) 8 332-1557

Fairview, Quezon City

Our Workshop Sales (OWS) Building
Lot 19 Block 237 Neopolitan 4 Brittany Subdivision,
Barangay Pasong Putik,
Quezon City
(02) 8 356-7461

Rizal

Fibertex Bldg., cor. Don Mariano Subd., Ortigas Ext.,
Brgy San Juan, Cainta, Rizal
(02) 8 997-8377

PRO NCR North - Manila

10th Commandment Building, Rizal Avenue,
Caloocan City

Local Health Insurance Office

Manila
JARS Bldg., 1810 J.P. Laurel St., San Miguel, Manila
(02) 8 521-7321
so.manila@philhealth.gov.ph

Caloocan

5th Floor, Victory Central Mall, Rizal Avenue
Extension, Grace Park, Caloocan City
(02) 8 365-0464

Valenzuela

4/F Puregold, Paso de Blas Road Cor. East Service
Road North, Valenzuela City
(02) 8 277-4863

Mandaluyong

3rd Floor, 500 Shaw Zentrum Mall
Shaw Boulevard, Mandaluyong City
(02) 8 532-0449

PRO CAR - Baguio

SNOBT Inc. Building, No. 19
Leonard Wood Road Baguio City 2600
(074) 444-5345; 444-8361; 444-9862
car@philhealth.gov.ph

PRO I - Dagupan

Akia Building, Old De Venecia Highway
Dagupan City, Pangasinan
(075) 515-1111; (075) 5230647 (fax)
region1@philhealth.gov.ph

PRO II - Tuguegarao

The Builder's Place, Del Rosario St. Tuguegarao City,
Cagayan 3500
(078) 255-1342; (0917) 8357544
info.pro2@philhealth.gov.ph

PRO III-A - San Fernando

G/F PhilHealth Bldg., Lazatin Blvd.,
San Agustin, San Fernando City,
Pampanga C-2000
(045) 961-1977; (045) 961-3949
loc. 4330

PRO III-B - Malolos

The Cabanas Mall of Malolos 2nd
and 3rd floors N4 Bldg.
Km. 44/45 MacArthur Highway Longos, Malolos
City, Bulacan
(044) 796-1559; (044) 796-1560
loc. 4400

PRO IV-A - Lucena

Lucena Grand Central Terminal,
Brgy. Ilayang, Dupay, Lucena City
(042) 373-7554
member.pro4a@philhealth.gov.ph

PRO IV-B - Batangas

Xentro Mall Batangas City, Diversion Road, Brgy.
Alangilan, Batangas City, Batangas
region4b@philhealth.gov.ph

PRO V - Legazpi

ANST III Building
Alternate Road, Legazpi City
Healthline: (052) 481-5596

PRO VI - Iloilo

Gaisano Capital Building, Luna Street,
Lapaz, Iloilo City
(033) 501-9160 to 62 loc. 100/102;
(0998) 959-9487
region6@philhealth.gov.ph

PRO VII - Cebu

7th and 8th Floor, Skytower,
N. Escario Street corner Acacia Street,
Cebu City 6000

PRO VIII - Tacloban

PhilHealth Building 167 P. Burgos St. Tacloban City,
Leyte
(053)325-3563; (053) 523-1195 (Fax)
region8@philhealth.gov.ph

PRO IX - Zamboanga

BGIDC Corporate Center, Gov. Lim Ave.,
Zamboanga City
(062) 992-2739 (fax)
region9@philhealth.gov.ph

PRO X - Cagayan De Oro

8F Gateway Tower 2, Limketkai Center, C.M. Recto
Avenue, Cagayan de Oro City
(088) 859-0225
region10@philhealth.gov.ph

PRO XI - Davao

Valgosons Building Bolton Extension, Poblacion,
Davao City
(082) 295-2133 (PAU); (082) 282-2951 (PMAC);
(0925) 7819987 (Local Healthline)
info.pro11@philhealth.gov.ph
pau.pro11@gmail.com

PRO XII - Koronadal

CSA I Building Cor. Zulueta Street, General Santos
Drive, Koronadal City
(083) 228-9731 to 34 (fax); (083) 228-4733
region12@philhealth.gov.ph
admin.pro12@philhealth.gov.ph

PRO CARAGA - Butuan

Lynzee's Building, 766 J. Rosales Avenue,
Butuan City
(085) 342-0900; (085) 816-0019;
(085) 225-7026 loc. 101-103
caraga@philhealth.gov.ph

PRO BARM - Marawi

Kouzbaray Business Complex,
Alibin Talib Street, New Capitol HTs,
Marawi Poblacion, Marawi City
pro.armm@philhealth.gov.ph
phic_armm@yahoo.com

For whistleblowing and grievance report, you may
contact us at Tel. Nos. (02) 8 441-7442
loc. 7650-51

Office of the Corporate Secretary (CorSec) Room
1711, 17th Floor, PhilHealth Main Office Citystate
Centre Bldg.,
Shaw Blvd., Pasig City.

You may also email us at:
whistleblower@philhealth.gov.ph
corsecphic@gmail.com

PhilHealth Corporate Action Center:
(02) 8 441-7442
www.philhealth.gov.ph

Action Center
Email: www.actioncenter@philhealth.gov.ph

 /PhilHealth   /teamphilhealth

