



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



Circular Letter (CL) No.:	2019-58
Date:	28 October 2019
Supplements:	CL No. 2018-68 2018-69

CIRCULAR LETTER

**TO : ALL HEALTH MAINTENANCE ORGANIZATIONS (HMOs)
DOING BUSINESS IN THE PHILIPPINES**

**SUBJECT : APPLICATION OF PFRS 4 AND PFRS 15: ACCOUNTING
STANDARDS FOR HEALTH MAINTENANCE
ORGANIZATIONS (HMOs) AGREEMENTS**

WHEREAS, an HMO refers to a juridical entity legally organized to provide or arrange for the provision of pre-agreed or designated healthcare services to its enrolled members for a fixed prepaid fee or a specific period of time¹;

WHEREAS, this Commission has the statutory power over HMOs to “prepare, approve or amend rules, regulations, orders and circulars, and issue opinions, provide guidance on and supervise compliance with such rules, regulations, orders and circulars” under Section 4 (j) of Executive Order No. 192, series of 2015;

WHEREAS, the fixed prepaid fee in an HMO Agreement may be in the form of (a) a pre-agreed membership fee or (b) a combination of the enrolment fee, administrative fee and a fund under Administrative Services Only (ASO) agreement, or (c) a combination thereof²;

WHEREAS, rules and/or guidance on financial reporting is necessary to be implemented to ensure transparent and consistent application of such rules and/or guidance by the HMOs;

WHEREAS, Advisory No. 20-2017 dated 26 October 2017 was issued advising HMOs’ revenue recognition shall not be limited to the application of PFRS 15, but also to the application of PFRS 4 depending on the nature of particular contract issued by the HMO;

WHEREAS, Circular Letter (CL) No. 2018-69 dated 28 December 2018 was issued deferring the implementation of IFRS 17 for Life Insurance and Non-Life Insurance industries to 01 January 2023;

¹ Executive Order (EO) No. 192, s. 2015

² Circular Letter (CL) No. 2017-19