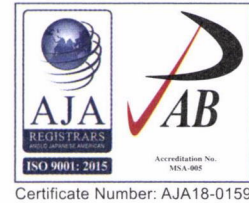




Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
1071 United Nations Avenue
Manila



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| Circular Letter No.: | 2019-74 |
| Date: | 27 December 2019 |
| Amends: | Section 1.2 of CL No. 2016-41; CL No. 2016-48 and CL No. 2017-23 |

CIRCULAR LETTER

TO : ALL HEALTH AND MAINTENANCE ORGANIZATIONS DOING BUSINESS IN THE PHILIPPINES

SUBJECT : GUIDELINES ON SECURITY DEPOSIT REQUIREMENTS

WHEREAS, Section 3(8), Chapter 1, Title IX, Book IV of the Administrative Code of 1987 mandates the Department of Health (DOH) to regulate the operations of and issue licenses and permits to hospitals, clinics, dispensaries, and other establishments, which include Health Maintenance Organizations (HMOs);

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

WHEREAS, the President, under Article VII, Section 17 of the Constitution, has the power and control over executive departments, bureaus and offices, as well as the continuing authority under existing laws to reorganize such executive departments, bureaus, and agencies;

WHEREAS, Section 1, Executive Order (EO) No. 192, s. 2015, mandates that jurisdiction over Health Maintenance Organizations (HMO) shall be transferred from the Department of Health (DOH) to the Insurance Commission (IC) in order to regulate and supervise the establishment, operations and financial activities of HMOs;

WHEREAS, The IC shall have the authority to exercise the following functions, among others:

- a. Issue rules and guidelines, with respect to the establishment of HMO minimum capitalization, net worth, reserve funds and security deposit requirements, as well as the criteria for qualification and disqualification of directors, officers and marketing personnel, and the procedure for the submission of reportorial and/or examination requirements, registration of contracts and plans, adjudication of claims, and other relevant matters, as necessary;