



MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 192

TRANSFERRING THE REGULATION AND SUPERVISION OVER HEALTH MAINTENANCE ORGANIZATIONS FROM THE DEPARTMENT OF HEALTH TO THE INSURANCE COMMISSION, DIRECTING THE IMPLEMENTATION THEREOF AND FOR OTHER PURPOSES

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 31, Chapter 10, Title III, Book III of Executive Order (EO) No. 292 (s. 1987), otherwise known as the "Administrative Code of 1987," grants the President the continuing authority to reorganize the administrative structure of the Office of the President;

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, pursuant to PD No. 612 (s. 1974), as amended, otherwise known as the "Insurance Code of the Philippines," and Republic Act No. 9829, otherwise known as the "Pre-Need Code of the Philippines," the Insurance Commission (IC) supervises and regulates the operations of insurance companies, insurance and reinsurance brokers and intermediaries, mutual benefit associations, trusts for charitable uses, and pre-need companies;

WHEREAS, insurance companies, pre-need companies, and HMOs function under a common concept of receiving compensation, either through premiums or contributions, and in turn, promise certain contractual benefits in the future; and

WHEREAS, there is a need to streamline and consolidate functions related to the regulation of HMOs to eliminate redundancy, simplify the organizational structure of the executive department, improve accessibility and accountability, provide efficient use of specialized expertise, realize savings in administrative costs, and promote effective sharing of best practices.

NOW, THEREFORE, I, BENIGNO S. AQUINO III, President of the Philippines, by virtue of the powers vested in me by law, do hereby order and direct:



Office of the President of the Philippines



PNOY018720

THE PRESIDENT OF THE PHILIPPINES



Section 1. Transfer of the Regulation and Supervision over HMOs. Jurisdiction over HMOs shall be transferred from the DOH to the IC in order to regulate and supervise the establishment, operations and financial activities of HMOs.

Section 2. Definition of HMO. In accordance with DOH Administrative Order No. 34 (s. 1994), 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 for a specified period of time.

Section 3. Organizational Structure and Personnel Augmentation. The IC, in coordination with the Department of Budget and Management, is hereby authorized to streamline and augment its human resource component to enable it to effectively and efficiently perform its functions and exercise its powers under this Order.

Section 4. Authority of the IC over HMOs. The IC shall have the authority to exercise the following functions over HMOs:

- 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;
- b. Approve, amend, renew, decline, suspend, or revoke any license, registration, or certificate of authority issued in favor of HMOs;
- c. Fix, assess, collect, and utilize fees and/or charges as it may find reasonable in the exercise of regulatory powers;
- d. Regulate, supervise, and monitor the operations and management of HMOs to ensure compliance with this Order, existing laws, rules, and regulations, and such other directives and circulars issued by the Insurance Commissioner;
- e. Issue orders to prevent fraud and injury to the HMO plan holders and industry stakeholders;
- f. Order the examination of documents, papers, files, tax returns, books of accounts and other records, in whatever form, of any entity, person, or any HMO under investigation, including persons, entities and/or corporations with related interests;
- g. Pursuant to existing laws, rules, and regulations, impose sanctions, and/or appropriate penalties;



- h. Enlist the aid and support of and/or deputize any and all law enforcement agencies of the government in the implementation of its powers and in the exercise of its functions under this Order;
- i. Issue appropriate directives, such as but not limited to the appointment of conservators, receivers or liquidators, to HMOs which fail to comply with this Order, related laws, rules, regulations, orders, and circulars issued pursuant thereto;
- j. 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;
- k. Formulate policies and recommendations on issues concerning the health maintenance industry, including proposed legislations; and
- l. Exercise such other powers as may be provided by law as well as those which may be implied from, or which are necessary or incidental to carry out the express powers granted the IC to achieve the objectives and purposes of this Order.

Section 5. License to Operate. All HMOs, whether investor-based, community-based or cooperative, are hereby required to comply with the regulatory requirements of procuring a License to Operate from the IC. The IC shall honor previously issued "Clearance to Operate" by the DOH, subject to modifications, revisions, adjustments, and changes as may be provided in the implementing rules and regulations.

Section 6. Funding. Funds needed to carry out the provisions of this Order shall be taken from the current appropriations of the IC. Subsequent funding requirements to implement this Order shall be incorporated in the annual budget proposal of the IC.

Section 7. Efficient Transition. To the extent necessary to fully implement the intent of this Order, the DOH and the IC may enter into inter-agency agreements, to ensure the full and appropriate transfer of all functions related to HMOs including, but not limited to, temporary detail of DOH personnel concerned to the IC.

Section 8. Transitory Matters. All books, contracts, correspondences, documents, papers, records, other associated items, and pending business in any way pertaining to the powers, duties, rights, and responsibilities related to the functions of the DOH over HMOs shall be turned over, transferred, and delivered to the IC for continuation, modification, or termination; Provided, however, that the delivery of such information shall not violate any applicable confidentiality constraints.

The IC shall constitute a special team to handle all matters related to HMOs and shall secure and transfer all the HMO-related files and records of the DOH to the IC within ninety (90) days from the effectivity of this Order. Personnel under the DOH affected by this Order shall continue their service with the DOH. They may, however,



be detailed to the IC for efficient transition and effective discharge of the functions provided under this Order.

Section 9. Creation of Oversight Committee. To ensure the effective transfer of the jurisdiction and regulation over HMOs to the IC, an Oversight Committee composed of the Secretary of Finance, as Chairman, with the Secretary of Health and the Insurance Commissioner, as members, is hereby constituted. The Oversight Committee shall exist until 30 June 2016.

Section 10. Role of the DOH. All issues relating to medical matters including, but not limited to, practice of the medical profession, medical procedures and standards, and health programs, policies, services, and facilities, shall be referred to the DOH.

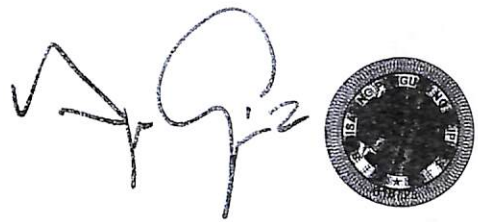
Section 11. Implementing Rules and Regulations. The IC shall formulate, adopt and implement such rules, regulations, and other issuances as may be necessary in the effective implementation of the provisions of this Order.

Section 12. Repeal. All orders, issuances, or parts thereof, which are inconsistent with the provisions of this Order, are hereby repealed or modified accordingly.

Section 13. Separability. If any provision of this Order is declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

Section 14. Effectivity. This Order shall take effect immediately upon publication in a newspaper of General Circulation.

DONE, in the City of Manila, this 12th day of November, in the year of our Lord Two Thousand and Fifteen.



By the President:



PAQUITO N. OCHOA, JR.
Executive Secretary

