



Republic of the Philippines
Department of Finance
INSURANCE COMMISSION
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HMOs PAY MORE HEALTHCARE BENEFITS AND CLAIMS IN Q4 2021 VS PREVIOUS YEAR

Based on unaudited interim financial statements submitted by thirty (30) health maintenance organizations (HMOs), said industry paid 25.05% more healthcare benefits and claims as of the quarter ending on 31 December 2021 (“Q4 2021”) amounting to ₱32.72 billion vis-à-vis ₱26.17 billion paid as of the quarter ending on 31 December 2020 (“Q4 2020”).

“Accordingly, said growth in Healthcare Benefits and Claims paid resulted in a 6.55% increase in the industry’s Total Expenses including income tax in Q4 2021 amounting to ₱48.14 billion compared with Q4 2020’s ₱45.18 billion,” said Insurance Commissioner Dennis Funa.

The HMO industry’s Total Assets likewise increased year-on-year by 4.17%, from ₱59.25 billion in Q4 2020 to ₱61.72 billion in Q4 2021.

“The increase in the industry’s Total Assets is attributable to increases in ‘Cash’ assets, ‘Investments in Subsidiaries, Associates, and Joint Ventures’, and ‘Investment Property’ by 13.31%, 3,749.51%, and 28.66%, respectively. Moreover, ‘Other Assets’ and ‘Prepayments’ increased by 37.82% and 30.59% year-on-year, respectively,” explained Commissioner Funa.

The industry’s Total Invested Assets, on the other hand, slightly contracted by 3.25% year-on-year, from ₱29.18 billion in Q4 2020 to ₱28.24 billion in Q4 2021.

“Despite the year-on-year growth of the industry’s ‘Investments in Subsidiaries, Associates, and Joint Ventures’ and ‘Investment Property’, a huge decline by 11.74% in ‘Financial Assets at Fair Value through Profit or Loss (FVPL)’ was observed in Q4 2021 amounting to ₱2 billion; thus the HMO industry’s Total Invested Assets decreased by 3.25%,” Commissioner Funa noted.

Meanwhile, the HMO industry’s Total Equity, Total Liabilities, and Total Revenues also slightly grew in Q4 2021 as compared with Q4 2020, at 4.24%, 4.14%, and 1.90%, respectively.

“The HMOs’ Total Equity increased from ₱13.72 billion in Q4 2020 to ₱14.30 billion in Q4 2021, primarily because of a 36.42% increase in the industry’s Total Capital Stock. Insofar as the growth in Total Liabilities from ₱45.53 billion in Q4 2020 to ₱47.42 billion in Q4 2021 is concerned, this is attributable to increases in ‘Dividends Payable’, ‘Deferred Tax Liability’, and ‘Pension Obligations’ by 964.73%, 360.44%, and 131.32%, respectively, as well as a 69.36% increase in ‘Unearned Membership Fees’ (i.e., advance payment of fees for services not yet provided), year-on-year. Moreover, the slight increase in ‘Membership Fees’ of 2.07% year-on-year, from ₱50.55 billion in Q4 2020 to ₱51.59 billion in Q4 2021, led to the 1.90% increase in the industry’s Total Revenue, from ₱52.29 billion in Q4 2020 to ₱53.28 billion in Q4 2021,” stated Commissioner Funa.

The increase in Total Revenue notwithstanding, the HMO industry’s Total Net Income contracted by 27.63% from ₱7.11 billion in Q4 2020 to ₱5.14 billion in Q4 2021, due to the industry’s higher Total Expenses in Q4 2021 by 6.55% year-on-year, as previously mentioned.

It will be recalled that the regulation and supervision of the HMO industry was transferred to the Insurance Commission from the Department of Health (“DOH”) by virtue of Executive Order No. 192, Series of 2015, issued by then President Benigno S. Aquino III.



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