

**MAXICARE HEALTHCARE CORPORATION**

**MINUTES OF THE EXECUTIVE COMMITTEE MEETING**

Boardroom, Maxicare Tower  
203 Salcedo Street, Legaspi Village, Makati City<sup>1</sup>  
12 January 2024, 8:00 AM

**PRESENT:**

ANTONIO L. GO  
LANCE Y. GOKONGWEI  
CHRISTIAN S. ARGOS  
BRIAN M. GO  
ESTHER WILEEN S. GO

**ALSO PRESENT:**

RENE J. BUENAVENTURA  
ROBERTO M. MACASAET, JR.  
BACH JOHANN SEBASTIAN  
MARIA TERESITA A. ESPALLARDO  
RODELEE V. UY  
JASPER HENDRIK T. CHENG  
ARTEMIO V. RILLO  
JOE MERRITO P. BUOT  
JOSEPH L. REYES  
FIONA MARIE L. VICTORIA  
DR. ARTURO C. LIBAO  
JOSEPHINE LOPEZ  
MERVIN L. POBRE  
JOSE PASTOR Z. PUNO  
KAREN NINA ALMONTE  
ELIZABETH GREGORIO  
NEDINO LESTER CAYETANO  
ALEN ROIE TATCO  
ANTHONY PEREZ  
ROCKY DE CASTRO  
KYLE BOLLOZOS  
MARIA FE AGNES BATUNGBACAL  
MA. COMPOSITA FLORES  
FLORO MARASIGAN  
JENINA JOY MALAPITAN  
CATHY MILLAMA  
MICHELLE ABELLANOSA  
PAUL AFABLLÉ  
ATTY. DANNY E. BUNYI  
ATTY. MARY ZOELLI R. VELASCO  
MARIA ESTRELLA GARCIA  
RIZ GAURAN

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<sup>1</sup> The meeting was also attended virtually by some Committee members / members of the Senior Management Team through video conferencing (Zoom video conferencing).

**I. Call to Order**

Mr. Antonio L. Go (“Mr. Go”), the Chairman of the meeting, called the Executive Committee (the “Committee”) meeting to order and presided over the same. The Corporate Secretary, Atty. Danny E. Bunyi, recorded the Minutes of the proceedings.

**II. Certification of Quorum**

The Secretary certified that notices were sent to all the members of the Committee in accordance with Maxicare Healthcare Corporation’s (the “Corporation” or “Maxicare”) By-Laws. The members who attended virtually were instructed to turn on their video and audio for verification of their identity and presence, as well as for confirmation that their video and audio were functioning. Since all the members of the Committee were present, the Secretary certified the existence of a quorum for the transaction of business at hand.

**III. Approval of the Minutes of the Previous Meeting**

Upon motion duly made and seconded, and there being no objection, the Committee approved the Minutes of the Executive Committee Meeting held on 22 November 2023.

**IV. Reports**

*i. 2023 Performance Report across MaxiGroup and Key Initiatives including DTO<sup>2</sup>*

Mr. Christian S. Argos (“Mr. Argos”) reported on the 2023 Performance Review across the MaxiGroup, *to wit*:

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<sup>2</sup> DTO: Digital Transformation Office

2023	Maxicare	MaxiLife	MaxiHealth
Revenue	23.38B	99.7M	1.96B
Net Income	(775.66 M)	(82.7M)	26.54M
Customer Count	1,819,348	718,019	1
<b>Big Wins:</b>	<ul style="list-style-type: none"> <li>Rollout and launch of the five (5) Impact Centers</li> <li>Launch of the Alagang Maxicare program</li> <li>Completed customer journey mapping from the DTO engagement</li> <li>Finalization of the OGSM</li> </ul>	<ul style="list-style-type: none"> <li>Company launch and ramp up of workforce</li> <li>9 products and 17 riders approved</li> <li>676,016 (37%) of Maxicare customers converted to MaxiLife via Group Embed</li> </ul>	<ul style="list-style-type: none"> <li>PHP2.3B Service Value against target of PHP2.4B</li> <li>PCC Standard CPT Cost @ 10% mark-up yields a gross profit of PHP92M</li> <li>Maxicare saves more than PHP670M based on value of PCC transactions</li> </ul>
<b>Lowlights:</b>	<ul style="list-style-type: none"> <li>3.2Bn TCV of Did not Renew accounts</li> </ul>	<ul style="list-style-type: none"> <li>Lengthy IC products approval</li> </ul>	<ul style="list-style-type: none"> <li>PCC Fairview and Cavite delayed by 7 months</li> </ul>
<small>TCV: Total Contract Value IC: Insurance Committee DTO: Digital Transformation Office PCC: Primary Care Clinics OGSM: Objectives, Goals, Strategies, Measures</small>			

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He reported that MaxiHealth had been performing very well, while Maxicare and MaxiLife did not hit their target as presented to the Board last 29 December 2022. He emphasized that with respect to the lowlights of Maxicare, which involved the Php 3.2Billion Total Contract Value who did not renew their accounts, the silver lining is that these were for the most part unprofitable accounts.

Mr. Argos shared that for 2024, MaxiGroup is ramping up its business relations and development. Mr. Nedino D. Cayetano, ("Mr. Cayetano") reported that the total headcount for MaxiLife was 1,500,000, and that 1,300,000 of said figure came from Maxicare.

Likewise, Mr. Argos presented on the 2023 key projects, *to wit*:



#### IC1 Pricing + Renewals

- Completed negotiations of all Top 50 contracts effective 2023
- Completed design and implementation plan for Alagang Maxicare Program
- Improved inflation forecast methodology; includes latest info across LOA types and expected industry changes
- Sales playbook started to improve communication of utilization, prices and product modification

#### IC2 Provider Network Optimization

- P176 M impact as of December 1: P49M uploaded in system; P127M pending uploading/clarification with hospital
- Established structured approach for provider curation and negotiations
- Developed clear view of how to tier providers, and systematically applying tiering across network
- Created provider negotiation playbook for PNM upskilling

#### IC3 Claims + Process Excellence

- Achieved annualized impact of PHP5.4M (~PHP900k declined over 8 weeks by 6 claims processors)

#### IC4 Member Steerage + PCC Optimization

- Change of contact center KPIs to actual availments rather than bookings
- Expansion of PCN service range (e.g. digital mammogram, MRI)
- Pilot removal of provider initiated LOAs
- Expanding Carepool coverage and capacity

#### IC5 KPIs/Data/Governance

- First set of dashboards still under development



#### Stream 1: PCN Awareness

- Creation and Review of the E2E Customer Journey
- Calendarized schedule of marketing campaigns
- Agile creation of on-demand marketing initiatives for Utilization Management

#### Stream 2 and 3: Booking PCC

- Finalization of the BRD for the Booking and scheduling process, member information, medical records via a member portal
- for awarding of the contract to identified vendor



- Completed Maxigroup's 5-year OGSM
- Identified Where-To-Play Spaces
- Detailed How-To-Win Opportunities
- Ongoing Organizational Transformation

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IC: Impact Center LOA: Letter of Approval PNM: Provider Network Management KPI: Key Performance Indicators BRD: Business Requirements Document E2E: End-to-End

## ii. OGSM and OGSM Implementation Plan (Initiatives)

As to the first initiative and with respect to the objective, goals, strategies and measures (“OGSM”), the vision and mission were presented by Mr. Mervin L. Pobre (“Mr. Pobre”) as follows:

**a. VISION**

*Financial Goals* – To be the number 1 in Revenue in 2028, with a defined Target Net Margin and Return on Equity

*Purpose* – To help people live their best life by providing relevant and quality Healthcare solutions

*Non-Financial Goals* – To be the largest Healthcare Services Provider in terms of number of individuals and lives served, and number 1 in value of services rendered; to also maintain target Customer and Employee Net Promotor Score (“NPS”)

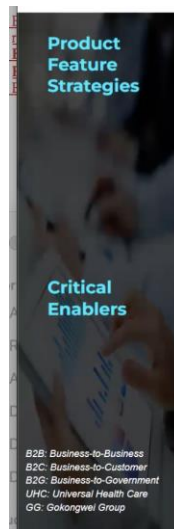
**b. MISSION**

Be the most trusted healthcare and benefits provider in the Philippines, delivering a better customer experience throughout the patient journey, enabled by the most relevant network of healthcare and benefits solutions and touchpoints.

To achieve that, the MaxiGroup’s Roadmap to 2028 was laid down, *to wit*:

**MaxiGroup’s Roadmap to 2028**





The key strategy is to expand Maxicare's business beyond its core to be done through the synergy of the Maxicare, MaxiLife and MaxiHealth services, and also leveraging the ecosystem within the conglomerate. By doing so, they would be able to tap out-of-pocket as additional source of expenses for the group. The plan is to focus on the Business-to-Business/Customer (B2B<sup>3</sup> to C) strategy.

One of the key focus areas for the year 2024 is product development, where the synergy among Maxicare, MaxiLife and MaxiHealth is showcased.

To deliver that, several enablers are required:

1. Primary Care Clinics ("PCC"s), Partners and Network Expansion;
2. Improve process and systems; and
3. Organizational transformation.

As to the specific initiatives of those key areas, the focus for 2024 would be on product development. The products of Maxicare, MaxiLife and MaxiHealth would be integrated to provide additional benefits to customers.

The strategy is to establish a MaxiGroup Segment Base Plan coupled with Customizable Top-Ups/Add-Ons:

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<sup>3</sup> B2B/B2C: Business-to-Business/ Business-to-Customer

2024 Key Initiatives

Product Feature Strategies

B2B: Business-to-Business

B2C: Business-to-Customer

B2G: Business-to-Government

GO: Gokongwei Group

The products across entities which are available currently are as follows:

Initiative 1: Interconnect Products across Entities

The Strategy Council decided to prioritize the following product features for life and health in 2024

	Maxicare	MaxiLife	MaxiHealth
• ECU out of PCN	✓		
• Mental Health + Tele consult	✓		✓
• Immunization (PCCs)			✓
• Group AD&D		✓	
• Premium Network	✓		
• Basic Dental	✓		
• Post retirement Plan Coverage		✓	
• Maternity Reimbursement	✓		
• Aesthetics (Reimbursement)	✓		✓
• Fertility (Consult + labs) (Reimbursement)	✓		✓
• Optical (Reimbursement)	✓		✓
• International Coverage Reimbursement	✓		
• Preventive Care Reimbursement	✓		
• Non-Conventional/ Alternative	✓		
• Maternity Outright	✓		✓
• ECU PCN	✓		
• Additional MBL/ ABL	✓	✓	

✓ Business Groups involved in product design and implementation

ECU: Executive Check-up   PCCs: Primary Care Clinics   AD&D: Accidental Death and Dismemberment   PCN: Primary Care Network   MBL: Maximum Benefit Limit   ABL: Annual Benefit Limit

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The roadmap of products which is rooted from the OGSM<sup>4</sup> performed in the previous year and which are to be developed this 2024 are as follows:

<sup>4</sup> OGSM: objective, goals, strategies and measures



To achieve the strategic imperatives for 2024, Initiative 2 or the expansion of PCC coverage is sought to be implemented. This was presented by Ms. Josephine Lopez, (“Ms. Lopez”).



For 2024, approval was sought to construct new PCC sites, as shown below:



One of the low points for 2023, was the delay in the construction of the and sites. Nonetheless, the Hemady Clinic formally started construction last September 2023, and as such, the soft launch is scheduled for January 2024. Further, , which is double the size for a usual PCC<sup>5</sup>, will also open

Mr. Go explained that all factors should be assessed to determine why patients would choose to go to the PCCs instead of the hospitals.

<sup>5</sup> PCC: Primary Care Clinic

Major Activities include the following:

1. Reduction in Healthcare Costs for Customers and MaxiGroup; and
2. Comp and Ben Competitiveness of Doctors and Nurses.

In this regard, the measures of success would be:

1. Number of PCCs (in strategic locations) built;
2. Cost Savings and Efficiency;
3. PCC Construction Capability (Site Execution, Executional Capability);
4. High Utilization of PCC Services;
5. Positive Customer Feedback; and
6. 50<sup>th</sup> Percentile for all Doctors and Nurses.

Initiative 3 as presented by Ms. Elizabeth Gregorio (“Ms. Gregorio”) is to strengthen Care Coordination & Steerage with an Enhanced Provider Network, as follows:

1. Optimize existing pool of providers;
2. Expand programs with existing and new providers;
3. Enhance data and claims management; and
4. Provide supply chain support to Alagang Maxicare proprietary care coordination and steerage.



### Initiative 3

Strengthen Care Coordination & Steerage with an Enhanced Provider Network: optimize existing pool of providers; expand programs with existing and new providers; enhance data and claims management; provide supply chain support to Alagang Maxicare proprietary care coordination and steerage

Liz

Ms. Gregorio then presented the roadmap for this Initiative 3 as seen below:





PCCS, PARTNERS, AND  
NETWORK

Initiative 3

Create end-to-end service supply chain

Liz

Strengthen Care Coordination & Steerage with an Enhanced Provider Network: optimize existing pool of providers; expand programs with existing and new providers; enhance data and claims management; provide supply chain support to Alagang Maxicare proprietary care coordination and steerage

She proceeded to elaborate on the optimization, system, and data items:

STRUCTURE / TALENT		SYSTEM	DATA
Structure Optimization	Talent Transformation	Harmonised Maxicare Tech System	Governance, Engineering, Science, & Analytics

- HNM: Health Network Management*
- AI: Artificial Intelligence*
- CPT: Current Procedural Terminology*
- ICD: International Classification of Diseases*
- API: Application Programming Interface*
- DA: Decision Authority*

The items highlighted in green require the involvement of the JG Procurement Team.

There would also be Utilization Management Initiatives and New Products and Services, as seen below:

Steerage to Preferred Network and PCC Utilization & Expansion	Wellness	Network Rate Negotiation	Outlier Detection	Monthly Disease Prevention
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On network optimization and Medical Utilization Cost (“MUC”), the specifics are as follows:

Category Management

Curation Strategy

Pricing Optimization

A sample of the CPT<sup>6</sup> Clean-Up and Alignment is seen below, which is the first phase of the Data Management Initiatives:

DATA MANAGEMENT UPDATE (as of Jan 10)



CPT Clean-up

Scope: CY 2019 to May 2023 Transactions

Status	As of Jan 3		As of Jan 10		
	No. of CPT	% Total	No. of CPT	% Total	
Final/Signed Off (New Std CPT)	862	2%	929	2%	✔
For QA	3,246	8%	3,096	7%	🔄
For Archiving	29,148	69%	29,095	68%	🔄
For Further Inquiry	7,086	17%	6,486	15%	🔄
For Tagging	2,131	5%	2,117	5%	✖
Total	42,476	100%	42,476	100%	🎯

CPT: Current Procedural Terminology

Legend:

✔ Completed    🔄 In-Progress    ✖ Not Started    🎯 Target



CPT Rates Uploading

Scope: Oct 2023 to Jan 9, 2024 Received

47 of 70 Providers or 67% are uploaded.


Status	As of Jan 3		As of Jan 10		
	No. of CPT	% Total	No. of CPT	% Total	
Uploaded	85,842	83%	97,640	85%	✔
For Uploading	9,028	9%	12,032	10%	🔄
For Mapping	9,019	9%	5,736	5%	✖
Total	103,889	100%	115,408	100%	🎯

Notes

• A total of 11,798 CPT, comprising 14%, were newly uploaded from the previous week, while 11,519 CPT, accounting for 11%, were newly received. This indicates a 3% faster rate in uploading compared to the rate of newly received CPT.


<sup>6</sup> CPT: Current Procedural Terminology

On the other hand, with respect to improving provider and patient satisfaction, the initial strategy is an improved claims management system:

**Initiative 3**

*Improve provider and patient satisfaction  
beginning with better claims management*

Liz



Strengthen Care Coordination & Steerage with an Enhanced Provider Network: optimize existing pool of providers; expand programs with existing and new providers; enhance data and claims management; provide supply chain support to Alagang Maxicare proprietary care coordination and steerage

Mr. Brian Go (“Mr. B. Go”) pointed out that data governance is important for MaxiGroup, as such a Chief Data Officer would be needed. Ms. Gregorio agreed that this would help data management.

Mr. Pobre then discussed Initiative 4 which focused on forging strategic alliances to deliver the value-added services in the product strategy. Beyond MaxiGroup, the priority is to look within the Gokongwei Group (“GG”) for the needed partnership. The presentation is seen below:

**Initiative 4**

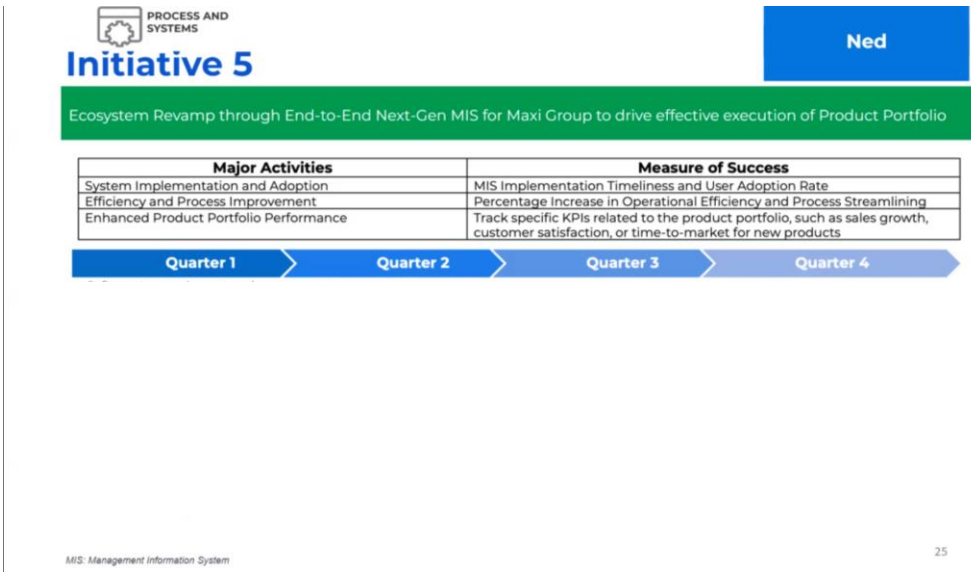
Forge Strategic Alliances Prioritizing GG: Establish partnerships with third-party partners (GG and beyond) capable in delivering valuable add-on services for identified spaces

Mervin



Examples of forging alliances and strategic partnerships may include product bundling. Mr. B. Go expressed that he can assist regarding this matter.

The Chief Technology Officer, Mr. Ned Cayetano, reported on Initiative 5, which involves the ecosystem revamp through end-to-end next-gen MIS<sup>7</sup> for MaxiGroup to drive effective execution of Product Portfolio.



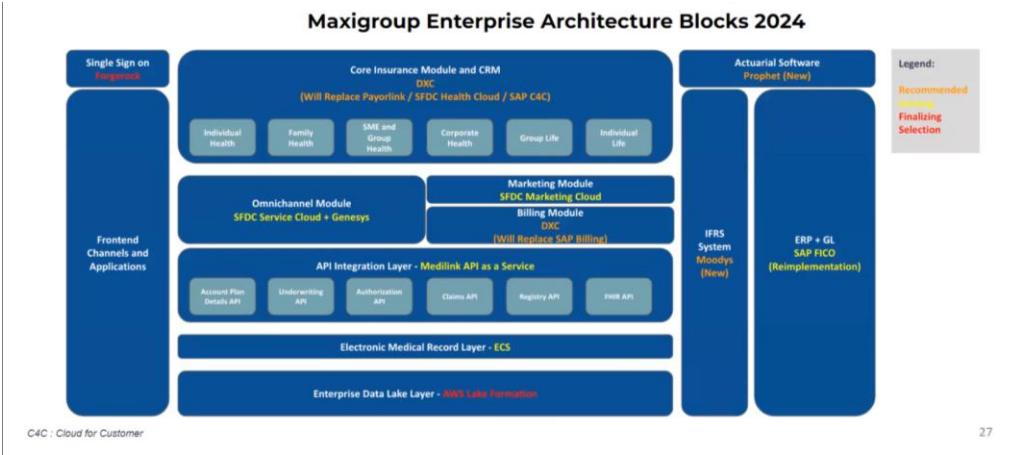
Mr. Cayetano emphasized the importance of data governance as all information must be stored in one place. Mr. Cayetano anticipated that there shall be risks attached to their initiative, including implementing the next generation MIS technology, stakeholder resistance, and data governance issues. Hence, MaxiGroup has to improve their overall data machinery.

Mr. Cayetano likewise raised the importance of a Chief Data Officer who would govern the entire data structure because organizational transformation is crucial for the entire MaxiGroup.

The Critical Outcomes and Milestones for 2024 and MaxiGroup Enterprise Architecture Blocks for 2024 were then presented:

<sup>7</sup> MIS: Management Information System

Outcomes and Milestones	Items Related to Desired Outcome	Completion Date	Status
Consolidation of Corporate, SME, Individual, and Family Accounts Into a Single Core Insurance System			Ongoing
Completion of Payorlink 2 LOA, Medical Module, and API integrations			Ongoing
Completion of the end to end customer experience revamp (Project Care Bears)			Ongoing
Resolve unbilled receivables and demonstrate IFRS 17 and other compliance needs			Not Started
MaxiLife Life Insurance Products and Services Support			Ongoing



It was clarified that the systems presented above are for MaxiGroup and is part of the budget discussions.

The details on the Top 20 Initiatives for 2024 were presented by Mr. Cayetano as follows:

Priority	Maxigroup Initiative Name	Project Manager Assigned	Maxigroup Point of Contact(s)	Maxigroup Project Sponsor(s)	Status	Indicative Completion Date
1		Resigned. Medilink to Provide	Ned Cayetano	Ned Cayetano	Ongoing	
2		Cherry Brillo (Maxicare)	Jesse Ilao / Ned Cayetano	Sean Argos / Tet Espallardo / Ned Cayetano / Mervin Pobre	Waiting for awarding	
3		Adrian Checa (Maxicare)	Jesse Ilao / Ned Cayetano	Tet Espallardo	Waiting for awarding	
4		Rona Razon (Maxicare)	Rona Razon / Ned Cayetano	Lito Ortiz / Fiona Lava	Ongoing	
5		Resigned. Medilink to Provide	Mark Paguio	Ned Cayetano	Ongoing	
6		Janelle Chan (Medilink)	Mark Rolly Sevandra	Ned Cayetano / Fiona Lava	Ongoing	
7		Janelle Chan (Medilink)	Mark Rolly Sevandra	Ned Cayetano	Completed	
8		Rova Trani (Medilink)	Ned Cayetano	Ned Cayetano	Needs Discussion	
9		Resigned. Medilink to Provide	Christine Eliza Lim	Liz Gregorio	Needs Discussion	
10		Rova Trani (Medilink)	Christine Eliza Lim	Liz Gregorio	Continuous	
11		Albert Angeles (Medilink)	Christine Eliza Lim	Liz Gregorio	Continuous	
12		Edmund Margallo (MHSI)	Edmund Margallo	Josephine Lopez	Ongoing	
13		Jonathan Gavino (Maxicare)	Ned Cayetano	Ned Cayetano / Fiona Lava	Waiting for awarding	
14		Edmund Margallo (MHSI)	Edmund Margallo	Josephine Lopez	Ongoing	
15		Jonathan Gavino (Maxicare)	Jonathan Gavino	Ned Cayetano	Ongoing	
16		Rei Magnaye (ESI) / Carlo Dela Cruz (ESI) / Allen Tatco (Maxicare)	Allen Tatco	Ned Cayetano	Ongoing	
17		Lea San Pedro (Maxicare)	Lea San Pedro / Ned Cayetano	Ned Cayetano	Requirements Creation	
18		Patricia Solmiano (Maxicare)	Gyle Genoso	Rodelee Uy	Completed	
19		Patricia Solmiano (Maxicare)	Gyle Genoso	Rodelee Uy	Ongoing	
20		Patricia Solmiano (Maxicare)	Gyle Genoso	Rodelee Uy	Completed	

Mr. Cayetano highlighted Priority Item 2 or 3. He explained that the core insurance system is still to be awarded. In the last meeting, it was discussed that DXC was the winning party. The status was the same for Priority Item 3 or MaxiGroup Global Chart of Accounts and will be impacted by the awarding of the core insurance system. He noted that any delay in the timeline would be very critical to the progress of the other items. Likewise, for Priority Item 13 or 14, which will be the new Maxicare Member Portal, this is still awaiting awarding to ECS.

For the Priority Items 8 and 9, which are still for discussion, the roadmaps still have to be identified.

Mr. Cayetano similarly presented updates on the Payorlink 1.0 to ACVP<sup>8</sup> Transition Roll-Out, *to wit*:

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<sup>8</sup> ACVP: Account Viewpoint

Account Type	Account Count	Roll-Out Status	Remarks / Action Items	Completion Timeline
Corporate	1162	Completed	Accounts already using ACVP	N/A
Corporate	67	Ongoing Roll-Out	- Batch 1 Transition - January 8, 2023 - Batch 2 Transition - January 15, 2023 - Batch 3 Transition - January 22, 2023	January 24, 2024
Corporate	29	Ongoing Client Discussions	Ongoing discussions with corporate accounts.	February 2, 2024
Corporate	135	Completed With Issues	- System validation issue was already resolved - Sales and actuarial correcting set up issues - Operations already signed-off the new process based on the work instruction released by Transformation	February 2, 2024
Corporate	22	Will not use ACVP	These are accounts who will not use ACVP because: - Manual endorsement stated on contract - They have their own enrollment system - Accounts using EnrollIME System	N/A

1. System issued and validations in SAP<sup>9</sup> C4C (Cloud for Customer) were already addressed to cater member movements more efficiently.
2. Sales, Actuarial, and Operations is working already on the set-up corrections for all accounts who encountered errors per plan level as part of the 02 February 2024 timeline.
3. Transformation issued the most updated work instruction and was signed-off by operations last 06 January 2024.
4. Some of the accounts with errors were due to late submission of documents by the corporate account. There had been an alignment between Transformation, Sales, Operations and Actuarial.
5. Small and Medium Enterprise and Group accounts (total of 8,690 accounts) will be managed using Payorlink 2.0 member movements for now. Transition to ACVP<sup>10</sup> is dependent on ACVP release 12.
6. All accounts who will not use ACVP (total of 22 accounts) will be managed using Payorlink 2.0 member movements.

For the next meeting, Mr. Go requested for the timeline of when Payorlink 2.0 would be applied to production. Further, he also wanted to accelerate the timeline for ACVP.

With regard to Initiative 6 or

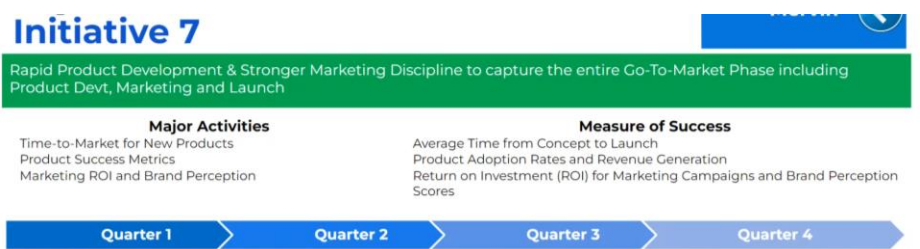
, Mr. Argos noted that this should be under the Chief Data Officer to be hired. This matter includes processes, data infrastructure, and governance that will enable a Single point of Contact across MaxiGroup entities. In the meantime, the risks associated with the same would be handled by Mr. Cayetano.

<sup>9</sup> SAP: Systems Applications and Products

<sup>10</sup> ACVP: Account Viewpoint



Initiative 7 called for rapid product development and stronger marketing discipline to capture the entire Go-To-Market Phase, including Product Development, Marketing, and Launch. This initiative was presented by Mr. Pobre as follows:



He noted that with respect to this matter, they are still waiting for the recommendation from Acumen.

Initiative 8, as presented by Mr. Argos, was split into two. *First*, was the product side would establish a product development organization that will oversee the execution of the MaxiGroup Long Term Product RoadMap. They key feature of the same is to elevate it, at least, to MaxiGroup level.





Mr. Argos mentioned that one ask from Acumen was to conduct benchmarking and to look at other industries from which MaxiGroup can adopt their models. He noted that matrixing for this matter will be part of the scope of organizational transformation.

Second, is the PMO<sup>11</sup> side, which includes the 20 Priority Projects:



PMO: Project Management Office

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Mr. Argos explained that the 20 projects are interrelated and that very few are specific to one company. Hence, there is a need to consolidate project resources and execution at the group level.

He then discussed Initiative 9 which requires the augmenting of the B2C Frontline Capability, as follows:

<sup>11</sup> PMO: Project Management Office



The foregoing initiative is likewise connected to Initiative 8a and is intended to build an organization which is aligned to a B2B to B2C approach. Mr. Argos described this to be a complete shift of mindset and a different capability compared to the group current status.

Wrapping up the discussion on organizational initiatives, Mr. Argos emphasized that building human resources (“HR”) capability must be of primary focus. He explained that the goal is after 12 months, MaxiGroup HR will be proactive in managing the organization in making sure the group has the right people, structure, KPIs<sup>12</sup>, and mandates to support OGSM<sup>13</sup> after 5 years. For the initial output, Acumen support has been requested. After the Acumen engagement, JG HR shall provide support with MaxiGroup’s individual HR<sup>14</sup> teams and potentially even a MaxiGroup HR capability taking over after 12 months.

Mr. B. Go clarified if the B2C was specifically called out as part of Acumen’s scope of work. Mr. Argos responded that it also goes down to N minus 2 across the horizontal line that is needed in MaxiGroup.

iii. Group Strategy for Execution

Mr. Argos then proceed with discussing the Positive Change Plan for 2024. 2024 is all about execution and delivering commitment to the board and shareholders, to wit:

<sup>12</sup> KPI: Key Performance Indicator  
<sup>13</sup> OGSM: objective, goals, strategies and measures  
<sup>14</sup> HR: Human Resources



#### Precise Project Timelines and Milestones for Execution

- Establish and communicate clear timelines and milestones for each component of the Business strategic plan
- Ensure that every phase of execution has a well-defined timeframe. This approach fosters accountability, facilitates progress tracking, and allows for timely adjustments, enabling the team to stay on course and meet strategic objectives efficiently.



#### Customer-Centric Insights

- Be on the Ground
- Encourage teams from Maxicare, MHSI, and Maxilife to immerse themselves in the customer experience.
- Direct experience, observation and interaction will provide firsthand insights into customer needs, preferences, and pain points



#### Enhanced Collaboration

- Foster Cross-Business Unit Collaboration
- Break down silos and promote seamless collaboration between Maxicare, MHSI, and Maxilife.
- Establish regular communication channels and joint initiatives to leverage collective expertise and resources



#### Innovation Integration

- Integrate Innovations Across Business Units
- Drive innovation by encouraging the sharing and integration of ideas, technologies, and solutions across Maxicare, MHSI, and Maxilife.
- Identify synergies that enhance the overall value proposition for our customers

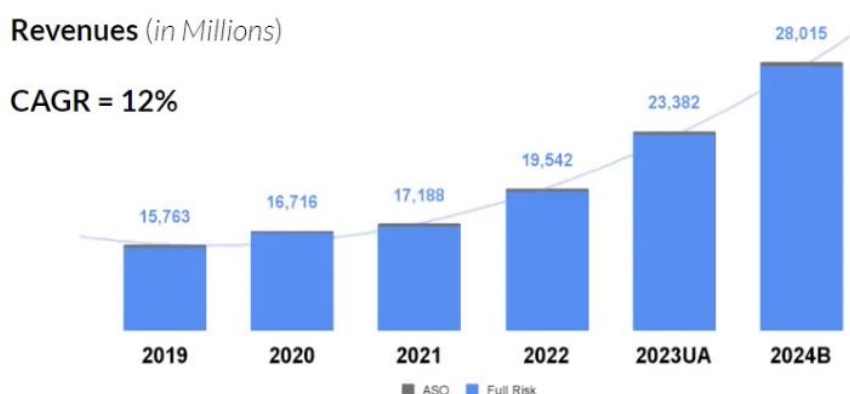
He explained that through the PMO<sup>15</sup> project under Initiative 8b, timelines will not only be provided but supervision and management thereof to completion. Hence, the board and shareholders shall be given a view of the progress being made.

Mr. Lance Gokongwei (“Mr. Gokongwei”) asked how many days the employees work onsite. Mr. Argos reported that their onsite work is currently at least 3 days/week. Some functions are already on the full 5 days/ week. Mr. Argos explained that it really depends on the function and that they are hoping to increase onsite work.

Mr. Gokongwei then commented that when the Committee meets on a monthly basis that it would be good to relate the items to the Positive Change Plan.

#### iv. *Maxicare 2024 Budget*

Ms. Maria Teresita Espallardo (“Ms. Espallardo”) opened the budget presentation by showing the 2023 Business Overview and Highlights. The figures below show Maxicare’s net revenue, which is total revenue net of commission:



<sup>15</sup> PMO: Project Management Office

The MUC<sup>16</sup> Ratio was presented as follows:



With the government’s imposition of strict lockdowns, the first year of the pandemic (2020), resulted in the lowest availment. The easing of restrictions by the third quarter of 2021, as Covid-19 vaccinations became available, pushed up the MUC rate by 75.06%, but this is still lower than the pre-pandemic figures.

Mr. Gokongwei asked if Maxicare’s pricing target was 18% Contribution Margin (“CM”), what would be the resulting MUC ratio. Mr. B. Go also asked what was the formula to connect MUC with CM. It was explained that for the pricing model, the Medical Loss Ratio (“MLR”) represented the most recent estimate of an annualized medical cost. (current month with seasonality factor converting that to 1-years’ worth of accounts). This is computed together with inflation, which is consistently 15% for all accounts. On top of that, there are other costs such as direct enrollment and processing charges. This completes the Total Loss Ratio. In 2023, that was 4% of the MUC. After that, the CM target is considered.

Mr. Gokongwei noted that if the Corporation is able to sustain 18% CM<sup>17</sup>, then the MUC<sup>18</sup> must at least be 78% and some accounts would be lower, which would bring the ratio up to about 80%.

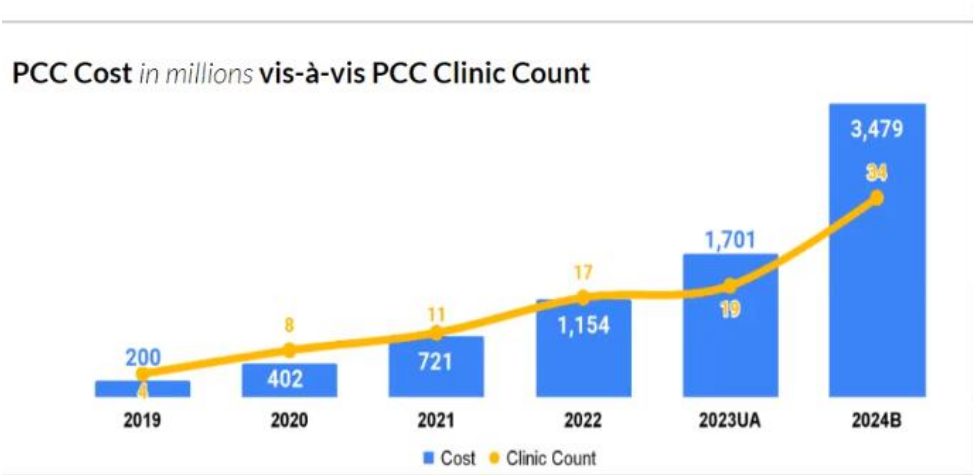
As to the projected income statement, the table below was presented:

<sup>16</sup> MUC: Medical Utilization Cost  
<sup>17</sup> CM: Contribution Margin  
<sup>18</sup> MUC: Medical Utilization Cost

(In Thousands)	2019	2020	2021	2022	2023 UNAUDITED	2024 BUDGET	2024B vs 2023UA	
							PHP MM	%
NET REVENUE								
MEDICAL UTILIZATION COST								
ESTIMATED INCURRED CLAIMS AMOUNT*								
RIDER COSTS								
TELECONSULT								
PCC RELATED EXPENSES								
OTHER DIRECT COSTS								
CONTRIBUTION MARGIN								
OPERATING AND INDIRECT EXPENSES								
INCOME (LOSS) FROM OPERATIONS								
OTHER INCOME, net								
INCOME (LOSS) BEFORE TAX								
PROVISION FOR INCOME TAX								
NET INCOME (LOSS)								

Mr. Go asked what month they would break-even. Mr. Argos answered that it could be in

Ms. Espallardo proceeded with discussing the PCC<sup>19</sup> Cost vis-à-vis PCC Clinic Count as follows:

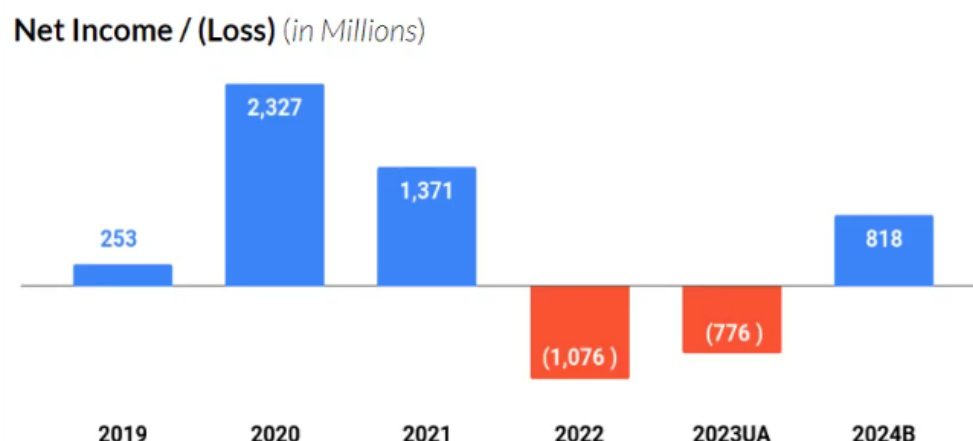


She explained that from 2019 to 2023, PCCs increased from 4 to 19, with the largest number of clinics opened in 2022 at 6. As its contribution to utilization, management and control is evident and 15 more clinics are targeted to be opened in 2024. Alongside the increase of clinics to be operated is the expected increase in PCC<sup>20</sup> cost.

As to the net income trend, in the last 5 years, net income was highest in 2020 and lowest in 2022. Ms. Espallardo noted the years of lowest and highest MUC<sup>21</sup> ratio. While 2023 likewise presented at net loss, this was a 28% improvement from 2022.

<sup>19</sup> PCC: Primary Care Clinic  
<sup>20</sup> PCC: Primary Care Clinic  
<sup>21</sup> MUC: Medical Utilization Cost

For 2024, the budget projected an income of Php 818 million, which is about a 200% increase from 2023. The trend was presented as follows:



Mr. Argos then presented the Product Features for 2024. The budget would be supported on the revenue side in this manner:

	Maxicare	MaxiLife	MaxiHealth
• <u>ECU out of PCN</u>	✓		
• <u>Mental Health + Tele consult</u>	✓		✓
• <u>Premium Network</u>	✓		
• <u>Basic Dental</u>	✓		
• <u>Maternity Reimbursement</u>	✓		
• <u>Aesthetics (Reimbursement)</u>	✓		✓
• <u>Fertility (Consult + labs) (Reimbursement)</u>	✓		✓
• <u>Optical (Reimbursement)</u>	✓		✓
• <u>International Coverage Reimbursement</u>	✓		
• <u>Preventive Care Reimbursement</u>	✓		
• <u>Non-Conventional/ Alternative</u>	✓		
• <u>Maternity Outright</u>	✓		✓
• ECU PCN	✓		
• <u>Additional MBL/ ABL</u>	✓	✓	

The Corporate, SME, Individual and prepaid customers are mapped with “Ready Now” products. The next steps to be undertaken are: (1) the creation of initial OGSM<sup>22</sup> Product Playbook; and (2) Rollout and Go Live of Upselling and Cross Selling campaigns within Maxicare and MaxiGroup.

On the *Go To Market Approach*, Mr. Argos reported that for Business-to-Business (“B2B”), an identification of corporate segments and persona mix (industries, plans, and others) must first be made. Afterwards, there must be a mapping of the existing benefit structure vis-à-vis the opportunity to increase share versus what corporate accounts spend in healthcare and life products. There shall thereafter be a review of the existing base vis-à-vis the Ready Now Product Map. Finally, there would be an automatic inclusion of Ready Now products on both Renewal and New Business Quotation Releases.

<sup>22</sup> OGSM: objective, goals, strategies and measures

For *B2C Business-to-Consumer* (“B2C”), the approach is to first map existing Consumer Products vs. Ready Now products for upsell and/or product approval of the Insurance Commission (“IC”). Afterwards, there would be a request for approval from the IC for inclusion of the new top ups. An identification of consumer persona shall then be made followed by roll out campaigns specific to the target segment. It was mentioned that there should be an automatic quotation with the upgraded options for both Renewal and New Business Quotation Releases. As such, customers will be given the facilities for self-service purchase. Finally, as soon as the Product Development Team is formed, they would prepare to activate transfer of B2C products to MHSI and MaxiLife.

For *Distribution Channels*, a plan to grow online and direct channel for Maxicare is being developed. In this regard, the existing solid sales channels will be utilized, optimizing online and digital platforms for revenue generation:

MAXICARE		TOTAL			
		TCV (M)	%	COUNT	%
Direct Sales		9,115	34.95%	14,888	11.19%
Digital / E-commerce / Online		4,973	19.07%	50,846	38.23%
National Retailers / Telemarketers		11,704	44.88%	2,797	2.10%
Intermediaries		34	0.13%	6,103	4.59%
		103	0.39%	16,690	12.55%
		123	0.47%	35,695	26.84%
		2	0.01%	729	0.55%
		25	0.10%	5,241	3.94%
TOTAL		26,078		132,989	

As to *Marketing & Growth Strategy*, the Maxicare Healthcare Programs will be signed which aim to optimize success in both B2B<sup>23</sup> and B2C<sup>24</sup> channels.

In the B2B sector, the strategy emphasizes strategic partnerships and personalized employee health and wellness programs. Simultaneously, the B2C approach centers on creating a direct connection with individual consumers.

Ms. Espallardo discussed the next item, which were the key budget assumptions and observations:

1. TCV<sup>25</sup> to increase from 26.2B to 29.2B
2. Membership base to decrease by 9% (1.69m to 1.54m, full risk only) coupled with a 31% average increase in revenue per capita
3. Overall MUC<sup>26</sup> per capita increase of 12%
  - EICA and Rider Costs calculated by Actuarial team
  - EICA per capita increase of 13%

<sup>23</sup> B2B: Business-to-Business

<sup>24</sup> B2C: Business-to-Consumer

<sup>25</sup> TCV: Total Contract Value

<sup>26</sup> MUC: Medical Utilization Cost



- Impact of provider rate negotiations imputed at 1% of EICA (~P175M)
- PCC cost included with 15 new PCCs

4. Direct enrollment and processing charges to increase from 3.7% to 4.1% of Net Revenue (~P300M) to provide for increased steerage activities and Alagang Maxicare

5. Opex ratio to increase from 12% to 15% including:

- Allowance for credit loss set at 1% of revenue of P280M (+P266M vs 2023)

Consultancy fees (+P486M); Personnel (+184M); Advertising - - (+P129M); Systems & IT (+P119M); Indirect Claims Processing (+P169M)

6. Tax computed as 25% considering release of DTA<sup>27</sup>

Ms. Espallardo then presented a slide on the Net Revenue and Contract Value:

### Net Revenue and Contract Value

(In Millions)	NET REVENUE				NET CONTRACT VALUE			
	2024B	2023U	Var	%	2024B	2023U	Var	%
Corporate								
SME (MPlus, SPlan, MBE)								
IFG (MyMaxicare)								
Prepaid Products								
<b>Total</b>								

- Full risk exposure (headcount) is expected to decrease by 9% from 1,689k to 1,545k
- Net revenue per capita to increase by 31% from P13.8k to P18.1k

MBE: Maxicare Business Essentials

SME: Small and Medium Enterprises

IFG: Individual, Family and Group

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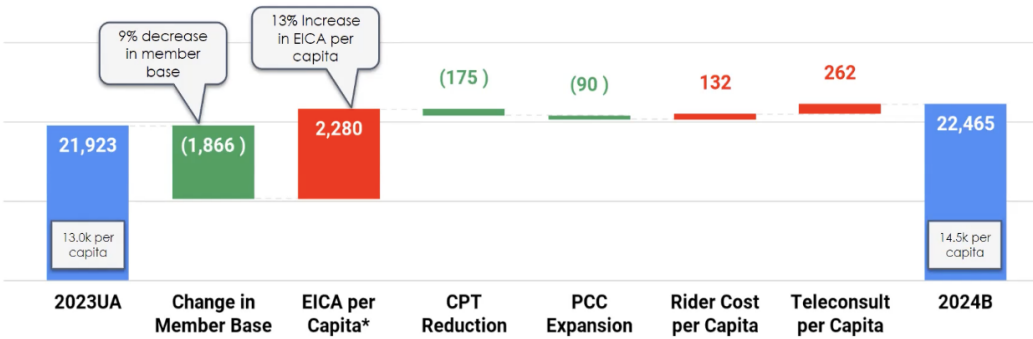
As to MUC<sup>28</sup>, there may be an increase in EICA per capita based on Actuarial calculation. The CPT<sup>29</sup> reduction is imputed at 1% of EICA following the impact of IC2's provider rate negotiations. The PCC expansion is the net amount of EICA replacement value and additional cost of PCCs to Maxicare. Further, the rider cost increase would be mainly driven by an increase in on-site medical services. The increase in teleconsult cost would be driven by an expected increase in transaction volume:

<sup>27</sup> DTA: Deferred Tax Asset

<sup>28</sup> MUC: Medical Utilization Cost

<sup>29</sup> CPT: Current Procedural Terminology

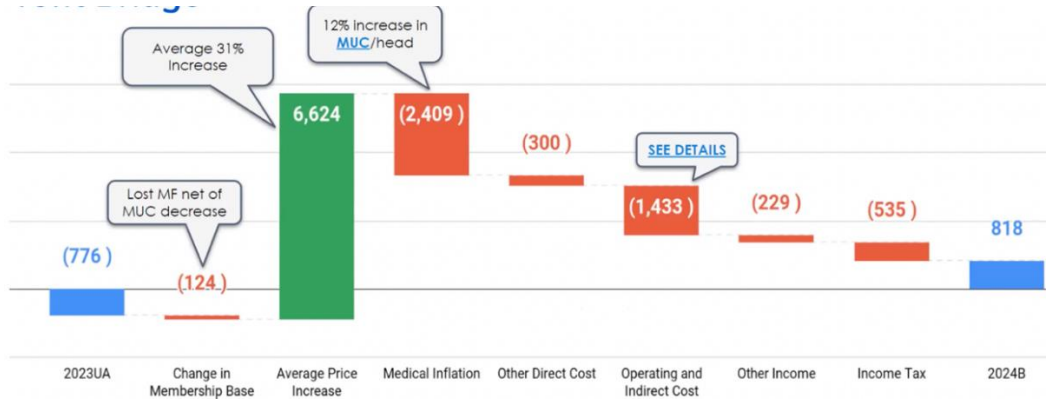




Mr. Gokongwei noted that it would be good to see a breakdown of cost and frequency as regards the figures indicated above.

On Operating and Indirect Expenses, the OPEX (Operating Expenses) ratio would increase from 12% to 15% of net revenue. The largest drivers are consultancy fees (2.3% of net revenue) and credit loss allowance (1.0% of net revenue). As regards personnel expenses, the increased costs would be as follows: 59 new employees ( ), impact of merit increase ( ), MPI accrual ( ) and CBA related items ( ). Advertising spend was constrained in 2023 to I (0.13% of net revenue) while advertising cost in the 2024 budget is to increase to or 0.56% of net revenue, which is closer to the levels in the previous years. With respect to systems and IT charges, the cost of upgrades for SAP would be: New Box ( ), API-Service ( ), and Marketing Cloud ( ). Lastly, for Indirect Claims Processing: the cost of systems for Genesys and Nice and I ( ) and ( ), respectively.

As to profit bridge, these are the items that would impact the change:



It was noted that the increase in other direct costs was driven mainly by outsourced services for enrollment and claims processing. Tax impact was a turnaround from tax benefit of Php263 million in 2023 to tax expense of Php273 million in 2024 (deferred tax asset movement). Other income included utilization (from providers) discounts that decreased with EICA interest income from which a decrease is expected with lower interest rates.

The Balance Sheet was presented by Ms. Espallardo as follows:

(In Thousands)	2023	2024	2024B vs 2023P	
	PROJECTED	BUDGET	PHP MM	%
ASSETS				
Current Assets				
Cash and cash equivalents				
Trade and other receivables				
Prepaid expenses & other current assets, net				
Noncurrent Assets				
Available-for-sale financial assets				
Property and equipment, net				
Software cost, net				
Investment in a subsidiary and associates				
Investment property, net				
Deferred tax asset, net				
Other noncurrent assets				
Total Noncurrent Assets				
TOTAL ASSETS				

(In Thousands)	2023	2024	2024B vs 2023P	
	PROJECTED	BUDGET	PHP MM	%
LIABILITIES AND EQUITY				
Current Liabilities				
Healthcare plan liabilities				
Lease liability - current				
Accrued liabilities and other payables				
Noncurrent Liabilities				
Lease liability				
Other non-current liabilities				
Noncurrent Liabilities				
TOTAL LIABILITIES				
EQUITY				
Capital stock				
Capital paid - in excess of par value				
Treasury stock				
Remeasurement loss on retirement plan				
Retained earnings				
TOTAL EQUITY				
TOTAL LIABILITIES AND EQUITY				

Mr. Go instructed that for the next presentations, the most recent period should be indicated on the left and that the computation of the budget should not be done manually.

For the cash flow, the following figures were presented:

(In Thousands)	2023	2024	2024B vs 2023P	
	PROJECTED	BUDGET	PHP MM	%
Operating Activities				
Investing Activities				
Financing Activities				
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS AS OF BEGINNING YEAR				
CASH AND CASH EQUIVALENTS AS OF THE END OF THE YEAR				

The capital expenditures were reported as follows:

Item	2023	2024
<b>Systems and Automations</b>		
<i>Maxigroup Insurance Solutions</i>		
<i>SAP Chart of Accounts</i>		
<i>Telephony Automations</i>		
<i>Anaplan</i>		
<i>IT Operations Related</i>		
<i>Marketing and Consumer Sales Automation</i>		
<i>Others</i>		
<b>Hardware</b>		
<b>Facilities Renovations</b>		
<b>Benefits Related Capex</b>		
<b>CAPEX TOTAL</b>		

By way of conclusion, it was declared the capital expenditure has been approved.

**V. Other Matters**

There were no other matters discussed.

**VI. Adjournment**

There being no other matters discussed and upon motion duly seconded, the meeting was adjourned.

Prepared by:

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**ATTY. DANNY E. BUNYI**  
*Corporate Secretary*

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