

**MAXICARE HEALTHCARE CORPORATION**

**MINUTES OF THE EXECUTIVE COMMITTEE MEETING**

Boardroom, Maxicare Tower  
203 Salcedo Street, Legaspi Village, Makati City<sup>1</sup>  
28 February 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.  
MIKE LIWANAG  
BACH JOHANN SEBASTIAN  
MARIA TERESITA A. ESPALLARDO  
RODELEE V. UY  
JASPER HENDRIK T. CHENG  
JOE MERRITO P. BUOT  
JOSEPH L. REYES  
FIONA MARIE L. VICTORIA  
JOSEPHINE LOPEZ  
MERVIN L. POBRE  
JOSE PASTOR Z. PUNO  
KAREN NINA ALMONTE  
ELIZABETH GREGORIO  
NEDINO LESTER CAYETANO  
IVAN LACUSIS  
KYLE BOLLOZOS  
MA. COMPOSITA FLORES  
FLORO MARASIGAN  
JENINA JOY MALAPITAN  
KURLEIGH GACUTAN  
ATTY. DANNY E. BUNYI  
ATTY. JANNA MAE TECSON  
ATTY. MARY ZOELLI R. VELASCO  
ATTY. NINNA BONSON  
MARIA ESTRELLA GARCIA  
RIZ GAURAN  
PAU VALLES

---

<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 12 January 2024.

## **IV. Reports**

### *i. Objective, Goals, Strategies and Measures (“OGSM”) Updates*

Mr. Mervin L. Pobre (“Mr. Pobre”) recalled the four main pillars of the OGSM, which were: (1) interconnect product across the different entities Maxicare, MaxiLife, and MaxiHealth<sup>2</sup>; (2) Primary Care Clinics (“PCC’s”), Partners, and Network, (3) Process and Systems (4) Organizational Transformation. In these four pillars, there was a total of nine (9) initiatives.

### **Interconnection of Products across Entities**

Mr. Pobre reported on the first pillar, which was the interconnection of products across the three (3) Maxicare Group of Companies<sup>3</sup> (“MaxiGroup”). The product strategy for OGSM was to showcase the synergy among the said group of companies, wherein Maxicare focuses in providing comprehensive healthcare coverage; MaxiLife focuses on the life insurance coverage; and MaxiHealth focuses in on-demand health services.

Mr. Pobre presented the Roadmap to 2028, which was focused on the Business-to-Business (“B2B”), Business-to-Consumer (“B2C”), and the Business-to-Government (“B2G”) models. He explained that the approach was segment-

---

<sup>2</sup> Maxicare: Maxicare Healthcare Corporation; MaxiLife: Maxicare Life Insurance Corporation; MaxiHealth: MaxiHealth Diagnostic & Medical Group Inc. (collectively, Maxicare Group of Companies or “MaxiGroup”).

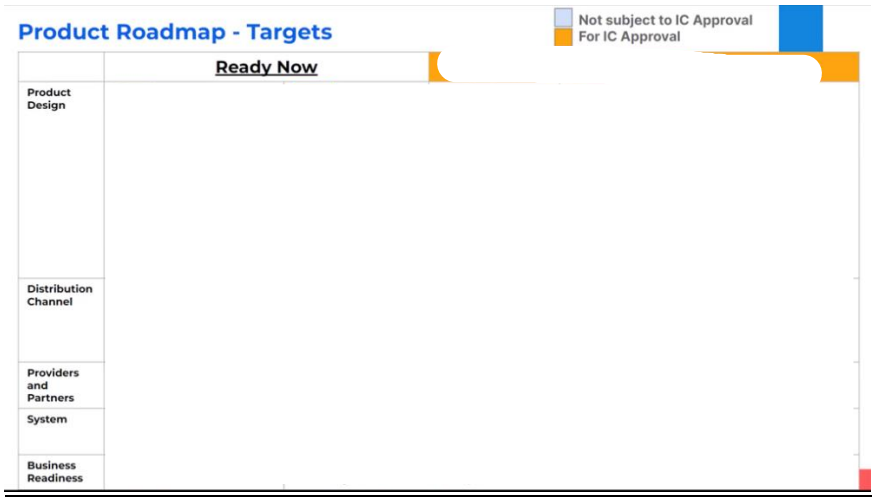
<sup>3</sup> Maxicare, MaxiLife and MaxiHealth.

driven and value-based. The product development would be based on the personas identified in the B2B and B2C leveraging on the competitive advantages within the MaxiGroup; and JG and Equicom Group.

The roadmap of products which was rooted from the OGSM<sup>4</sup> performed in the previous year and which are to be developed within the next 18 months were as follows:



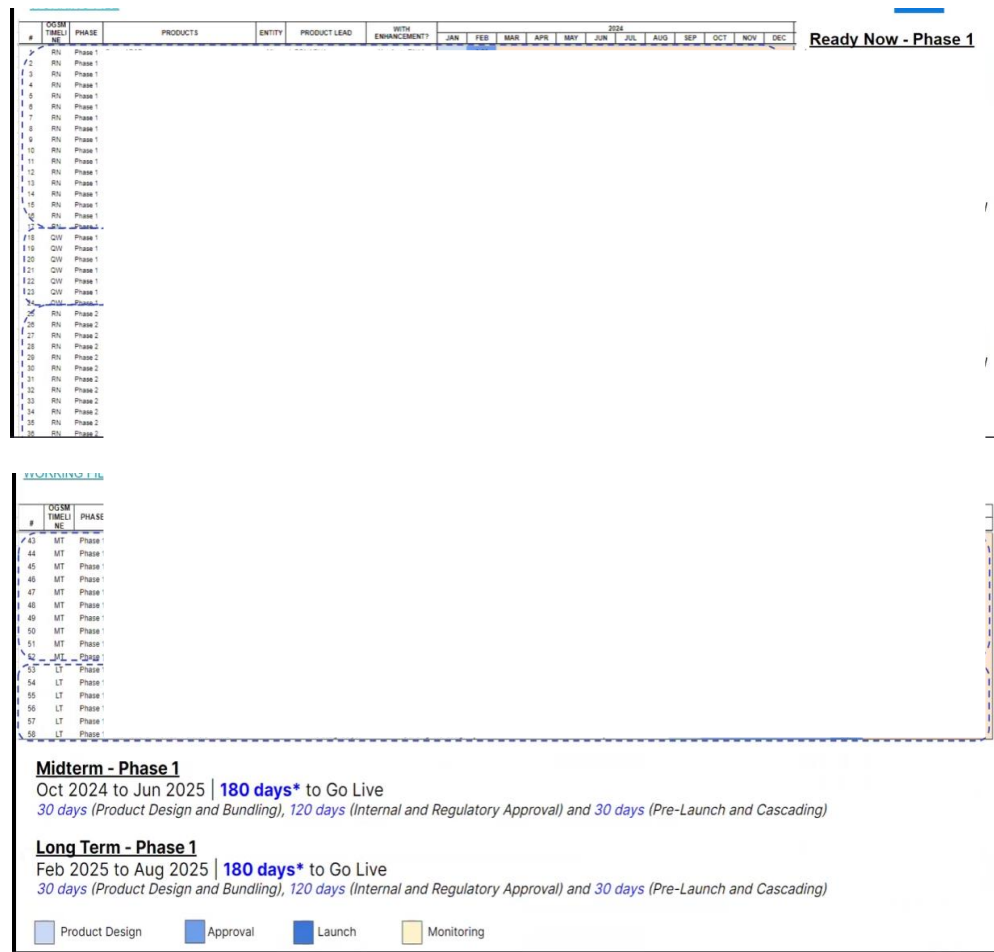
A detailed report on the different phases of the products was presented, *to wit*:



The "Ready Now" products are the currently available products of the MaxiGroup with two phases: (1) Phase 1 utilizes the product designs available and distribution; and (2) Phase 2 would introduce enhancement to the program, including introduction of e-commerce or digital channels. Meanwhile, the products were new products which would require an approval from the Insurance Commission ("IC").

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

Mr. Pobre presented the Timeline for the Ready Now and products. The first batch of the 'Ready Now' products was targeted to be launched within that week and the last two product releases were scheduled by mid-March. After such releases, an orientation to the distribution team would be conducted in order to initiate the selling of the new products as soon as possible. The remaining products, , would be delivered sometime next year.



A brief description of the Ready Now products was presented:

Sprints	Products	Benefits	Provider Network	Owner		
				Maxicare	MaxiLife	MaxiHealth
Sprint 1					✓	
					✓	
				✓		
				✓		
✓					✓	
					✓	
					✓	
					✓	
					✓	
					✓	
					✓	
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				
		✓				

Mr. Pobre discussed that Phase 1 was on how to proactively sell the products such as upselling, cross selling, and utilization of existing distribution channels. Phase 1 would be focused on B2B. In Phase 2, the B2C<sup>5</sup> and Business-to-Business-to-Consumer (“B2B2C”) would be introduced, wherein there may be potential government regulatory approval required. Pursuant to this, the target date of Phase 2, considering the possible regulatory approval, would be mid-2024. However, it may be earlier should the IC confirm that there will be no regulatory compliance needed.

Mr. Go expressed his concern in using the same or the available providers that MaxiGroup has in relation to its capacity considering the increase in product volume. Mr. Christian Argos (“Mr. Argos”) assured that the providers were equipped to handle the increase in capacity and that was also why the products were divided into different sprints and that there was also network management.

Mr. Pobre further presented the Red-Amber-Green (“RAG”) Status of the sprints:

Sprints	Product Leads	Progress Highlights and Critical Dates	Roadblocks/Challenges	RAG Status
Sprint 1				At Risk
Sprint 2				At Risk
Sprint 3				On Track
Sprint 4				Yet to begin

\*\*Go Live: Initial cascade to key stakeholders via email  
\*\*Start of Selling: 1-2 weeks from Go Live (Training Materials, Formal cascade and Sales Training).

On Track   At Risk   Delayed   Completed   Yet to begin

<sup>5</sup> B2C: Business-to-Consumer

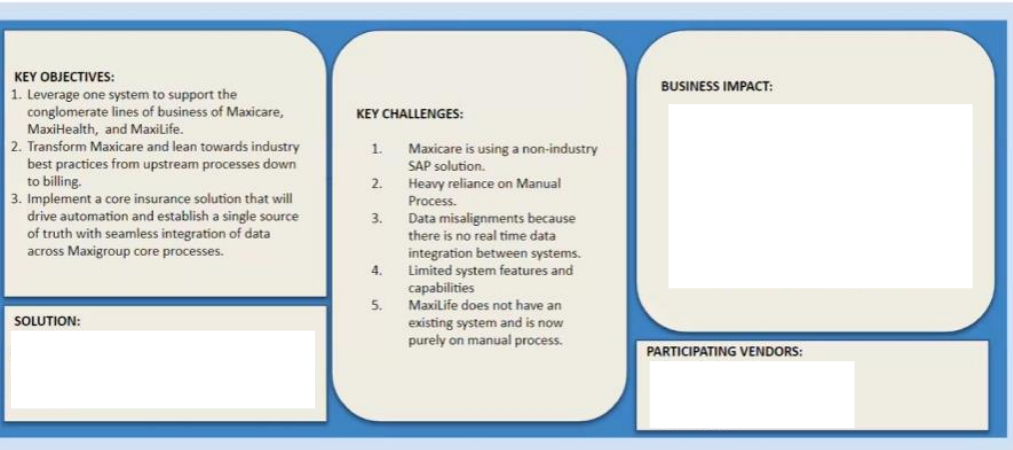
He explained that the reason behind the ‘At-Risk’ or amber status of Sprint 1 and Sprint 2 was due to the approval and assessment of the rates by the actuarial/pricing team. Nevertheless, the actuarial/pricing team committed to deliver the rates by

Mr. Pobre responded that their team sent out a monitoring sheet for the revenue per product as requested by Ms. Esther Wileen S. Go (“Ms. Go”). He added that their team was currently working to provide a monitoring for the monthly revenue.

**Maxicare Insurance System and Top IT Initiatives**

The Chief Technology Officer, Mr. Ned Cayetano (“Mr. Cayetano”), reported on Initiative 5 and 6, which involves the ecosystem revamp through end-to-end next-gen Maxicare Insurance System (“MIS”) for MaxiGroup to drive effective execution of Product Portfolio.

his presentation with the MIS Updates and



He likewise presented a recap of the last discussion in the November Committee Meeting, where there was an approval of DXC to provide the MIS function. However, there were many things events that transpired after that, which he would further discuss later in his report.

He proceeded and presented the Maxicare Areas where full automation was considered, which were:

- 1. Lead and Opportunity Management
- 2. Member Enrolment
- 3. Policy Administration
- 4. Product Management
- 5. Billing and Collection

- 6. FI GL
- 7. Claims
- 8. Application Management Support (“AMS”)
- 9. IFRS
- 10. Actuarial
- 11. FP&A

The MIS was initially a billing project which had expanded to de-cluttering of the insurance system and management of accounts, both for upstream and downstream processes.

Mr. Cayetano presented the initial six (6) options for the MIS project. After evaluation, it was narrowed down to two options, which were presented as follows:

Commercial USD (5 Year TCO)	Requirement	Option 1 MAXIGROUP	Option 5 MAXIGROUP (Recommended)
Maxicare	MIS		
	FI GL		
Subtotal (Maxicare)			
Maxilife	MIS		
	FI GL		
Subtotal (Maxilife)			
MHSI	FI GL		
Subtotal (MHSI)			
Lever Cost	Integrations and Custom Reports		
OVERALL TOTAL (MAXIGROUP)			

The first option would be provided by \_\_\_\_\_ for Maxicare only and everything else that follows would be \_\_\_\_\_. There was no SAP in any of these options because when \_\_\_\_\_ presented their options, these were mucj less expensive than SAP FICO. He then presented the scorecard between \_\_\_\_\_ and \_\_\_\_\_

Category	Criteria	Weight		
Security	Vendor Data Handling and Security Measures	5%		
	Platforms being offered are fully compliant to well known international standards		1	1
	Platforms being offered ties up to existing data protection policies		1	1
			0.05	0.05
Run and Maintenance Support	Vendor Support and Maintenance	5%		
	Availability of technical support should be present on the proposal		0	1
	Technical support SLAs should be present on the proposal		0	0
			0.00	0.03
Communication and Partnership	Communication and Ways of Working	5%		
	There should be a clear channel for collaboration, feedback, and escalations		0	1
	Follows agile methodologies and has a clear project charter		1	1
			0.03	0.05
Project Cost	Vendor Cost and Value	40%		
	Total cost of ownership, including initial implementation, ongoing maintenance, and support.		0	1
	Value for money in terms of features and benefits offered.		1	0
	Return on investment		0	1
			0.13	0.27
		100%	0.64	0.49

Upon evaluation, there were very minimal differences between [REDACTED] and [REDACTED] and in the TTC meeting, it was agreed that these two would undergo the procurement process. Mr. Argos added that in the TTC, it was agreed that the assistance of BCG would be secured for this matter because they have already participated in Impact Center 2 and 3 and were familiar with this project. They can therefore do a diagnosis and validate the scope. With the first option, the overall total cost would be [REDACTED] for the entire MaxiGroup, while the second option would be full coverage by the [REDACTED] with overall total cost of [REDACTED] for the entire MaxiGroup.

Mr. Go gave a general reporting instruction that for software, the project sponsor must likewise be indicated on the presentations.

Mr. Lance Gokongwei ("Mr. Gokongwei") clarified if the cost presented is a 5-year cost, which was confirmed by Mr. Cayetano.

Mr. Argos then explained that the recommendation was to seek assistance from BCG with the technical evaluation for both options including the scope, and to get JG Procurement for the financial negotiation side. He added that both options have already been incorporated in the budget, however, there was no commitment yet as to where to allocate the funds.

Mr. Gokongwei inquired on the implications of this procurement with regard to other existing vendors. Mr. Argos responded that BCG can assist in this matter in helping to assess which of the options would be mixed and matched and what other existing systems could be included.

Mr. Go asked the timeline for the MIS project. Mr. Cayetano responded that the initial timeline proposed by the proponents ([REDACTED]) was [REDACTED]. Mr. Go inquired whether the timeline can be shortened to [REDACTED] such that there may be legs in the project wherein some developments would already be available. Mr. Argos further explained that they would need approval for this by March.

Mr. Go emphasized that they should have the accounts billing as well.

Mr. Cayetano presented the upcoming initiatives for March 2024, which were:

Mr. Cayetano presented the five (5) priority projects, as follows:



Priority	Maxigroup Initiative Name	Project Manager Assigned	Maxigroup Point of Contact(s)	Maxigroup Project Sponsor(s)	RAG Status	Indicative Completion Date
1		Cherry Brillo (Maxicare) / Jesse Iao (Maxicare)	Jesse Iao / Ned Cayetano	Sean Argos / Tet Espallardo / Ned Cayetano / Iverson Pobore	Ongoing Collaboration DKC vs Oracle	
2		Adrian Checa (Maxicare)	Jesse Iao / Ned Cayetano	Tet Espallardo	Ongoing Collaboration DKC vs Oracle	
3		Yohannes Suelto (Maxicare) / Rova Trani (Medlink)	Ned Cayetano	Ned Cayetano	Ongoing Roadmap Refinement	
4		Lea San Pedro (Maxicare)	Lea San Pedro	Ned Cayetano	For Procurement	
5.a		Edmund Margallo (MHSI)	Edmund Margallo	Josephine Lopez	Ongoing	
5.b		Jonathan Gavino (Maxicare)	Jonathan Gavino	Ned Cayetano	Ongoing	
5.c		Edmund Margallo (MHSI)	Edmund Margallo	Josephine Lopez	Ongoing	

Mr. Go instructed that moving forward, no “TBDs” should be placed in the reports but only indicative timelines.

Mr. Gokongwei inquired whether the U budget covers these priority projects. Mr. Cayetano clarified that it only covers Priorities 1 and 2 or MIS<sup>6</sup>, the MaxiGroup Global Chart of Accounts, and ERP Reimplementation. Mr. Cayetano explained that while said budget would only cover the said two initiatives, it would affect all the other Initiatives 3-5 in some way, being interdependent with each other. Mr. Cayetano confirmed to Mr. Gokongwei that there were separate budgets for Initiatives 3-5.

Ms. Go expressed her concern regarding the status of Initiative 4 or the MaxiGroup Enterprise Data Lake. She explained that the said initiative was not yet "For Procurement" and that the TTC<sup>7</sup> requested to provide more or at least two options. There was likewise an instruction on what systems may be thrown away considering the procurement of a core insurance system. Hence, if they would spend of the Enterprise Data Lake now, there would be portions that would be thrown away because the most important information for this data lake would be coming from Initiatives 1 and 2. Mr. Cayetano explained that the "For Procurement" indicated in the presentation was not meant to refer to negotiations but rather means that it was in the process of initiating bidding to look for more options or vendors.

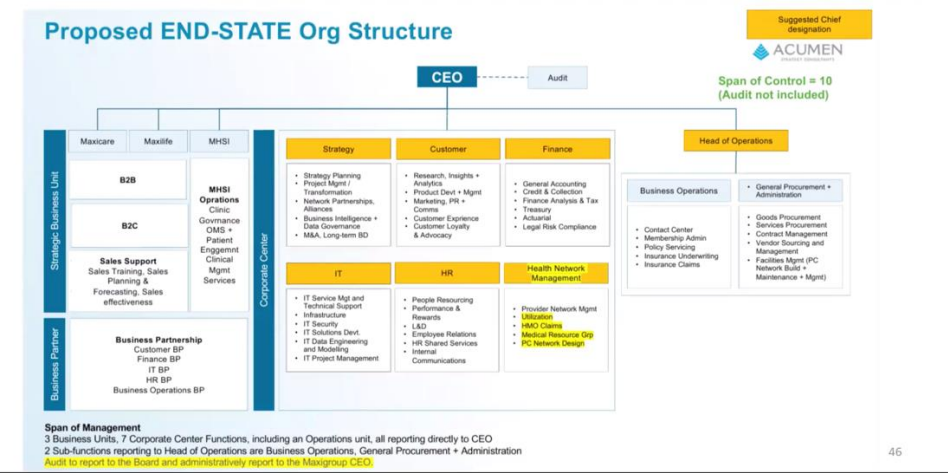
With respect to Initiative 3, Mr. Go instructed to include KYC and to determine what the internal balances were that the Corporation has to implement. He also requested to indicate a proper timeline on the presented initiatives for the MIS.

<sup>6</sup> MIS: Maxicare Insurance Solution

<sup>7</sup> TTC: Technology Transformation Committee

Organizational Transformation

Mr. Argos reported on Initiatives 7, 8, and 9, which were related to Organizational Transformation. He presented the Proposed End-State Organizational structure, to wit:



Mr. Argos discussed that there will be seven (7) corporatized functions which will serve the three (3) Strategic Business Units (“SBU”) which are:

(a) Strategy

Under Strategy is the corporate planning and strategic product management group which shall oversee the execution of initiatives, such as the OGSM,<sup>8</sup> across all the companies of MaxiGroup and ensuring that all stakeholders and the execution units are synchronous with the execution plan. Also, Strategy Function would handle data engineering, analytics, and governance across the entire MaxiGroup. Lastly, strategic partnerships and mergers & acquisitions would be housed under this team.

(b) Customer

The Customer Function is for centralized product development and product management capability. Under Customer Function Team is research and insights, measuring customer function feeding the product development process and product management process. Product marketing will also be under this function.

Mr. Go inquired about the accountability on non-satisfaction of a customer/client resulting to non-renewal. Mr. Argos responded that customer satisfaction is under the Customer Function. The Customer

<sup>8</sup> OGSM: objective, goals, strategies and measures

function whether under corporatized function or in the SBU should align with the product team's findings and specifications.

(c) *Finance*

The Finance Function will quantify the companies' activities, being an important enabler of product development and company performance of each SBU. The Legal Risk & Compliance will also be under this unit.

(d) *Information Technology ("IT")*

IT infrastructure is one of the key enablers of the SBU. Under the office of the CTO<sup>9</sup> is the IT project management, which are resources that will handle the individual point solutions or the technology side of the project management scope. This is to ensure that all business units are supported in relation to IT project management. He clarified that this is separate from being the owner or the executive sponsor. The IT project management will always have a partner executive sponsor, either a business unit or a corporatized function sharing the accountability or achievement of the business outcome of such investment.

(e) *Human Resource ("HR")*

The HR function envisioned under this is focused more on organizational development, ensuring the right teams are in place to execute at a group level such that that all KPIs and KRAs are aligned. The organizational transformation project merely sets the roadmap to the end-state. According to Mr. Argos, the end-state will be executed in a span of three (3) years.

He noted that HR activities shall be aligned both from an operational and from an organizational perspective by corporatizing this function. As the organization will have to evolve over time and there is a need to respond to any change in the OGSM, that capability has to be embedded at the group level.

(f) *Health Network Management ("HNM")*

The concept of Health Network Management is akin to 'Strategic Procurement' wherein one input will drive a lot of the cost of the performance, thus, there is a need to invest dedicated resources for its management. Given the nature of the MaxiGroup business, this will be the Utilization Cost as it comprises 85% of the total expense.

Any existing product or new product that will need partners or additional capability will be handled by the HNM function.

---

<sup>9</sup> CTO: Chief Technical Officer

*(g) Operations*

The Operations Function is to integrate and interconnect all of the products of MaxiGroup. All the steps such as proposal generation, underwriting, actuarial, and billing for all the three companies of MaxiGroup across its different products should be aligned with the aid of the Operations Function. The Operations Function should unify all that is necessary for the product that is brought to the market.

Mr. Argos emphasized that the seven (7) corporatized functions do not work in isolation. He illustrated that an initiative from the Strategy Function will go down to the Customer Function, which will produce the product. The Customer Function will draw inputs from the IT, HR, and HNM. The Finance Function will aid in pricing and defining the rates, including budgeting. Finally, the Operations Function will ensure the delivery of the products. The corporatized function will report to the SBUs.<sup>10</sup> The SBU will retain control over the productions and the manner of its delivery. It will be the executing body, which shall focus on bringing the products into the market. Mr. Argos noted that the sales organization would be shared across the MaxiGroup companies. Mr. Gokongwei inquired on the organizational structure for the B2B<sup>11</sup> sales and B2C<sup>12</sup> sales. Mr. Argos responded that there will be one individual head each for the B2B and B2C sales Maxicare and Maxilife.

Mr. Argos discussed that the first order of business in the execution plan for the Proposed End-State Organizational structure would be setting up an HR Project Management Office (“HR-PMO”) in order to expand and supplement Performance Review Assessments (“PRA”) and Key Performance Indicators (“KPI”) for the SBU side. He furthered that upon approval of the presented End-State Organizational structure, the next step would be seeking support from the JG Group Human Resources Team to define in detail what the project would look like in the SBU side.

Mr. Go was concerned about the market development and the ability to verify the success of the product, knowing the right market indicators in growing a product. Mr. Argos responded that such role should be covered by the Customer Function. He likewise explained that in creating new products, it is to be expected that it would not be lucrative during the first year. He furthered that product management and product development under one team with one leadership reporting to the SBU would generate multiple perspectives and opportunities so that the one product would be temporarily subsidized by another product. With this, there would be accountability and transparency.

Mr. Go raised that it may also be good to take into consideration that each province has its own peculiarity, such as on how the residents spend. Hence,

---

<sup>10</sup> SBU: Strategic Business Unit.

<sup>11</sup> B2B: Business-To-Business

<sup>12</sup> B2C: Business-to-Customer

there may be a need to take in personnel who are more familiar with the areas to work on the same.

Mr. Argos discussed the next step for the Organizational Transformation which is to set up an HR-PMO<sup>13</sup>, which will serve as the execution team. He furthered that if the end-state organizational structure would be approved within the day, forming of the HR-PMO team should kick-off the next day. The HR-PMO would be outsourced from the Gokongwei Group HR Team, and would join resources from Equicom Group, and JG Group, and even the SBUs, as needed. Mr. Argos noted that there will be benchmarking in filling up the positions in the HR-PMO team, ensuring their competencies and capabilities. Therefore, for 2024, the goal is to identify which roles are critical, to benchmark, and to start the transition plan. Mr. Gokongwei inquired about the presence of legal department in the MaxiGroup. Mr. Argos responded that the entire legal function is being outsourced, however, in the Finance function, there will be a Legal Risk Compliance role.

Mr. Argos ended the presentation reminding that the updates on the PRAs and KPIs were distributed in the materials incorporating the previous comments of the Committee.

ii. Financial and Sales Report

Maria Teresita A. Espallardo (“Ms. Espallardo”) presented the January 2024 Financial Statements; and the Update on the VAT Refund.

**January 2024 Financial Statements for the month**

*Income Statement for the month of January 2024*

(In Thousands)	JANUARY 2024 ACTUAL		JANUARY 2024 BUDGET		VARIANCE		JANUARY 2023 ACTUAL		Riz Gagan VARIANCE	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	(A)		(B)		C = A - B	D = C/B	(E)		F = A - E	G = F/E
EARNED MEMBERSHIP FEES										
CORPORATE										
INDIVIDUAL, FAMILY AND GROUP										
PREPAID										
RIDERS										
CLIENT EXPERIENCE REFUND (CER)										
ADMINISTRATIVE SERVICES ONLY (ASO) INCOME										
TOTAL REVENUE										
COMMISSION EXPENSE TO BROKERS, AGENTS										
NET REVENUE										
MEDICAL UTILIZATION COST										
ESTIMATED INCURRED CLAIMS AMOUNT (EICA)*										
HOSPITALS AND DOCTORS *										
INCURRED BUT NOT YET REPORTED (IBNR) *										
RIDER COSTS										
PCC AND OTHER RELATED EXPENSES										
ENROLLMENT AND PROCESSING CHARGES										
TOTAL DIRECT COST										
CONTRIBUTION MARGIN										
OPERATING EXPENSES										
GENERAL AND ADMINISTRATIVE EXPENSES										
SALES AND MARKETING EXPENSES										
INDIRECT MEMBER AND LOA-RELATED										
INDIRECT URM INITIATIVES										
TOTAL INDIRECT COST										
INCOME (LOSS) FROM OPERATIONS										
OTHER INCOME, net										
UTILIZATION DISCOUNT										
INTEREST INCOME										

<sup>13</sup> HR-PMO:Human Resource Project Management Office

Ms. Espallardo discussed some preliminary items before proceeding to the income statements as the following changes were made to the income statements to streamline the presentation of the financial report: (i) the PRIMA revenue has been included in the Earned Membership Fees (“EMF”) PRIMA prepaid line item; (ii) the new line item, PCC and other related expenses, includes PCC<sup>14</sup> related expenses as billed by MaxiHealth/MGI, as well as teleconsult and home care costs; (iii) Sales incentives, the SIP has been included in the sales and marketing expenses consistent with the statutory financial statements.

She presented that Maxicare’s operations for the month of January 2024 resulted in a net income amounting to almost ₱11 million, better than the ₱59.5 million net loss based on the budget and also better than the ₱9.2 million net loss from last year, January 2023.

The net revenue amounted to ₱2.12 billion, which was the baseline for the Profit & Loss (“P&L”), which was lower than the target by ₱69.57 million, due to lower EMF by ₱139.6 million.

There was an increase in Administrative Services Only (“ASO”) income which was attributed to network access fee (“NAF”) and claims handling fee (“CHF”). NAF and CHF account for 94.5% of ASO income. The EMF posted was below target by ₱139.6 million, mainly due to the following reasons: (i) there were lesser members with EMF at [REDACTED] compared to the projected [REDACTED] members, or about a [REDACTED] difference, which was estimated to have an impact of about [REDACTED]. Ms. Espallardo explained that this may improve since there would be additional members that were uploaded in the SAP<sup>15</sup> for the month of February with January 2024 effective dates. For example, as Ms. Espallardo’s team observed in [REDACTED], there were additional 6,315 members increase in dependents who were only posted in February and in [REDACTED] additional 2,148 members, who were already posted in both Payorlink and SAP. With this, Ms. Espallardo noted that they expect a catch-up in the EMF for January in the February financial statements. Mr. Go inquired what was the root cause of the discrepancy, to which, Ms. Espallardo explained that this was due to the enrollment process.

Mr. Brian Go (“Mr. B. Go”) inquired whether the 6,315 members were able to claim in January 2024 even if they only completed their enrollment in February. Mr. Argos explained that for the dependent enrollment process, the accounts generally have 30 days (some have 40 days) to enroll dependents and this is retroactive to day 1 of the contract term. Mr. Gokongwei asked how was eligibility for services determined. Ms. Fiona Marie L. Victoria (“Ms. Victoria”) also explained that the dependents cannot claim, however, they could instantly confirm their membership on the last day of renewal or enrollment.

<sup>14</sup> PCC: Primary Care Clinic

<sup>15</sup> SAP: Systems Applications and Products

Ms. Victoria expounded on the enrollment process of the principals and their dependents for Concentrix, the principals and their two (2) dependents would have automatic membership renewal while the third dependent would have to be confirmed and pay the premium to become enrolled as a member within 30 days and sometimes extended to 45 days. In response to Mr. B. Go's question, Ms. Victoria affirmed that membership can be confirmed instantly even if the to-be member is in the emergency room. Mr. Go pointed out the risk that the third dependent could have a medical emergency costing \_\_\_\_\_ and would rather be confirmed as a member and pay the \_\_\_\_\_ membership fee. Ms. Victoria admitted that was part of the product risk. Mr. Gokongwei suggested to have a firm deadline to avoid those circumstance and lessening the risk. On the other hand, Mr. Go, stressed the importance of identifying the Top 20 Diseases so that prediction and appropriate action may be made. Mr. Argos suggested that an exclusion could be "late enrollees", while Ms. Go suggested to increase the price for late enrollees to control the selection bias. Mr. Argos responded that a study on differentiated pricing shall be made.

Mr. Gokongwei inquired about the additional dependent's utilization. According to Ms. Victoria, these additional dependents were frequently the source of the high utilization cost.

He similarly inquired whether the revenue report for the month was sustainable. Mr. Argos explained that while some of the income was due to cost reduction, there were sources of revenue like \_\_\_\_\_ wherein there is a two-year locked-in contract with an 8% contribution margin ("CM") for the first year and 22% CM on the second year. That alone amounted to \_\_\_\_\_ in total contract value in the first year and now translates to about \_\_\_\_\_ per month.

Ms. Espallardo discussed Medical Utilization Cost ("MUC"). Under the MUC was the PCC<sup>16</sup> and other related expenses, which showed a favorable variance of -21.74%, while the Estimated Incurred Claims Amount ("EICA") looked similar to the budget, but in percentage, it was actually 3% higher than the budget. Mr. Gokongwei concluded that this meant that the cost was still higher, which was important to note. Ms. Espallardo explained that the utilization for outpatients were lower than expected while the utilization for in-patients or hospitalized patients were higher than expected. Mr. Argos explained that the out-patient members were managed better this time and the costs were lower than expected in PCCs. It was noted that the increase in utilization by the in-patients were due to acute gastroenteritis, and pneumonia. From this, what can be seen was that there were infectious diseases that were driving in-patient costs and that this was environmental, which could not be managed 100%. However, for those that could be managed, such as out-patient and PCCs, this had been contained and costs have been lower than expected on a per capita basis. Ms. Espallardo added that January was expected to yield a loss or high utilization due to the December holiday season. Mr. Go asked if Maxicare can expect net revenue for the rest of

---

<sup>16</sup> PCC: Primary Care Clinic

the year. Mr. Argos explained that a net loss was expected in February due to the shortened number of days compared to the other months.

Mr. Go instructed that the areas where they can proactively intervene must be determined in order to decrease utilization, whether this may be in-patient or out-patient. Mr. Argos likewise noted that there was a need to beef up telemedicine because the recent increase in utilization due to pneumonia was for dependent-infants so that they would no longer need to go to the hospitals.

Mr. Go inquired whether the planned automation would result to lessening of labor and processing expenses. Mr. Jose Pastor Puno (“Mr. Puno”) noted that general administrative expenses should decrease if automation is done. Mr. B. Go recalled that the implementation of MIS<sup>17</sup> promised savings from automation showing a direct benefit. Mr. Cayetano explained that the implementation of MIS would increase efficiency and reduce the turnaround time. MIS will simplify processes and a cost benefit analysis may be conducted once it is implemented. Mr. Go requested a report wherein the systems or automation currently in place have some cost-reduction benefit to Maxicare. Mr. Argos noted the request of Mr. Go and would report on the current two systems: (1) SAP;<sup>18</sup> and (2) Genysys.

#### *Statements of Financial Position for the month January 2024*

Ms. Espallardo reported that assets increased by ₱ 1,000,000 or 26.66% primarily due to trade receivables and other receivables increased by ₱ 1,000,000 related to billings issued for the policies effective January 2024, which was approximately 25% of the total target value (“TCV”) targeted for the year.

Trade receivables was presented net of allowance for credit losses of ₱ 1,000,000 and client experience refund of ₱ 1,000,000. The valuable variance would be on the cash and cash equivalents and short-term investments combined have a net decrease of ₱ 1,000,000 mainly due to the payments of VAT for the fourth quarter of 2023 amounting to ₱ 1,000,000.

The total liabilities and net worth increased by ₱ 1,000,000, which was mostly attributed to the increase in the health care plan liabilities, mainly from the unearned membership fees and the claims reserves which were in the normal course of business.

The accrued liabilities and other payables decreased by ₱ 1,000,000, mostly relating to the payment of VAT, and payment of vendor/suppliers.

#### *Statement of Cashflows for the month of January 2024*

The decrease in cash for January 2024 amounted to ₱ 1,000,000 due to net cash used by operating activities amounting to ₱ 1,000,000.

<sup>17</sup> MIS: Maxicare Insurance System

<sup>18</sup> SAP: Systems Applications and Products



Net cash used in investing activities amounted to ₱1.355 billion, mainly due to short-term investments, and acquisition of transportation and office equipment. Net cash used in financing activities amounted to ₱1.355 billion, due to payments made for the lease liability.

### *Key Performance Ratios*

Due to the net income for the month of January 2024, the key performance ratio projected improved results compared to the budget and compared to the previous period, except for EICA<sup>19</sup>, which showed an increase of 3% compared to the budget.

Given the reprieve of IC<sup>20</sup> on the Acid Test Ratio to 0.75, Maxicare remains compliant with its regulatory requirements of Maxicare with ATR of 0.9473 and net worth of ₱1.355 billion.

Mr. Argos inquired if the EICA ratio should be replaced by the MUC ratio. Ms. Espallardo answered that MUC should be considered as the combined effect of EICA and the PCC-related expenses must be used in assessment.

Mr. BJ Sebastian (“Mr. Sebastian”) inquired on the increase in trade receivables. Ms. Espallardo replied that the trade receivables increase was mainly due to the January 2024 billings. The Accounts Receivables were actually ₱1.355 billion in January and ₱1.355 billion is due for collection in the succeeding months, based on the accounts credit terms. There was also a total unbilled amount of ₱1.355 billion, consisting of ₱1.355 billion unbilled due for billing. Furthermore, since this was a presentation on total contract value of trade receivables in the financial statements, there were also accrued modal billings.

Mr. Go asked if there were increases in past due accounts for the past 6 months, which was confirmed by Ms. Espallardo. He added if these accounts have been suspended. Mr. Argos replied there was selective suspension and if they can differentiate between account and members suspension.

Mr. Argos explained that one of the causes of the increase in unbilled billings were entities which have 100 members, there were instances that they would add 10 more members but these 10 members’ premium were left unpaid. The unpaid members could still claim. Member movement after the initial billing must likewise not affect the obligation to pay said first bill. This was the issue which the MIS<sup>21</sup> would resolve.

---

<sup>19</sup> EICA: Estimated Incurred Claims Amount

<sup>20</sup> IC: Insurance Commission

<sup>21</sup> MIS: Maxicare Insurance Solution

**Update on the VAT Refund**

RR21-2021 issued by the Bureau of Internal Revenue (“BIR”) on 7 December 2021 with implementation effective 1 July 2021. Due to the lack of more definitive regulations upon the payment of VAT for the fourth quarter 2021, Maxicare was imposed and erroneously paid the 12% VAT, considering that there was no guidance or rule that HMO services to registered export enterprises may qualify as services directly and exclusively used in the registered project or activity. Hence, Maxicare remitted ₱244 Million imposed VAT to BIR in January 2022.

Maxicare engaged Step Asia Inc. to assist with the filing of the VAT refund on the basis of erroneous payment for the full amount of ₱244 Million. The application was filed on 25 January 2024. Due to the recently released Ease of Paying Taxes Act, the BIR is expected to issue a decision within 180 days from date of filing. Step Asia's fee is 12% of the amount to be refunded by the BIR.

iii. *Consumer Sales Report for January 2024*

Ms. Rodelee V. Uy (“Ms. Uy”) presented the Consumer Sales performance for the month of January 2024.

**Consumer Sales**

*January 2024*

Corporate Sales achieved 86.34% of its target, which represented a 19.52% growth when compared to the same period in 2023, as presented below:

JAN 2024						
	2024 Actual (M)	2023 Actual (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
Consumer						
New Business	124	93	33.64%	31	169	73.28%
Renewal Business	179	160	11.34%	18	181	98.55%
Consumer Total	303	253	19.52%	49	351	86.34%

During the covered period, the highest gain for SME was from Fresh Accounts at \_\_\_\_\_, while the highest loss was from None at \_\_\_\_\_.

net gain was from Fresh Accounts at ₱. whereas the highest net loss was from None at ₱.

*SME Gain - Loss Study (in Millions)  
Jan 2024*

Competitor	Competitive Gain # of Headcount	Competitive Gain # of Account	Competitive Gain Total Contract Value	Competitive Loss # of Headcount	Competitive Loss # of Account	Competitive Loss Total Contract Value	Net # of Headcount	Net # of Account	Net TCV	%
FRESH ACCOUNTS	1,640	86	20 M	0	0	0 M	1,640	86	20 M	111.14%
INTELLICARE	408	8	7 M	79	2	1 M	329	6	6 M	23.46%
GENERALI	98	1	2 M	0	0	0 M	98	1	2 M	8.13%
PHILCARE	94	2	2 M	0	0	0 M	94	2	2 M	7.40%
INLIFE HEALTHCARE	20	1	1 M	0	0	0 M	20	1	1 M	4.37%
GETWELL	41	1	1 M	0	0	0 M	41	1	1 M	2.42%
MEDICARD	11	1	0 M	0	0	0 M	11	1	0 M	1.07%
SELF-ADMINISTERED	0	0	0 M	20	1	0 M	-20	-1	0 M	-1.50%
MAXICARE	5	1	0 M	45	4	1 M	-40	-3	-1 M	-2.03%
AVEGA	0	0	0 M	117	2	2 M	-117	-2	-2 M	-7.03%
OTHERS/DID NOT DISCLOSE	8	1	0 M	339	16	5 M	-331	-15	-5 M	-20.24%
NONE	0	0	0 M	513	29	7 M	-513	-29	-7 M	-27.18%
<b>TOTAL</b>	<b>2,325</b>	<b>102</b>	<b>42 M</b>	<b>1,113</b>	<b>54</b>	<b>16 M</b>	<b>1,212</b>	<b>48</b>	<b>25 M</b>	<b>100.00%</b>

Mr. Gokongwei instructed Ms. Uy and Ms. Victoria that moving forward, for the report, include the members and average unit revenues for easier understanding.

*January 2024 New Accounts and Renewal Business*

Ms. Uy next presented the new and renewal business. Based on records, the Corporation's number of new accounts and new members decreased by **-50.19%** and **-31.82%**, respectively, when compared to the same period in 2023.

The actual performance for new business was ₱124 million, which represented a growth of **33.64%** when compared to the same period in 2023. However, this only represents 73.28% of the target. Most of the deficit came from MyMaxicare and another product with huge deficit was Maxicare Plus. The reason behind the deficit was the change of the premium price this January 2024. The total loss for these products was at ₱69 Million.

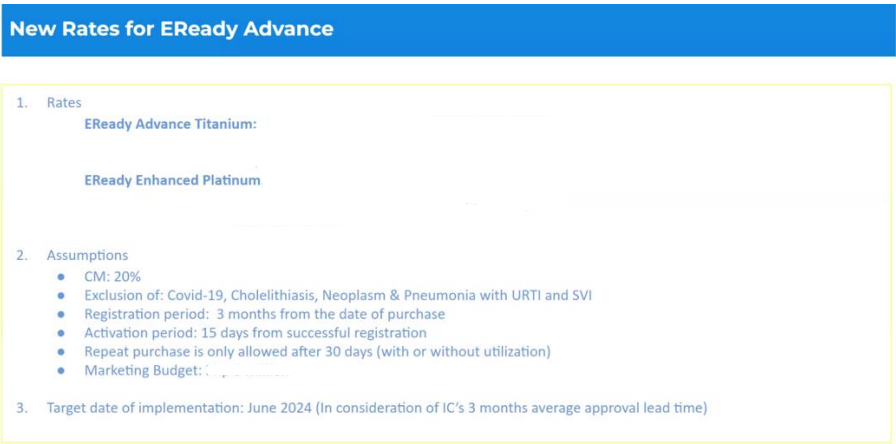
Ms. Uy noted that Maxicare's renewed accounts for January 2024 increased by **11.34%** as opposed to the same period in 2023. The renewed accounts amounted to ₱179 Million compared to last year's performance of ₱160 Million.

As mentioned, most of the new accounts came from Fresh Accounts. This was the same as last year's performance. For January, Maxicare was able to close 86 new Fresh Accounts. For the loss, most of the accounts would be coming from None, losing 29 accounts at ₱7 million.

### New Rates for E-Ready Advance

The E-Ready Advanced Rates were already available and for approval of the management. The recommended increase was at 16%. The CM<sup>22</sup> was 20%, to wit:

<sup>22</sup> CM: Contribution Margin



The product benefits were revised and excluded COVID, polyolithiasis, cancer, pneumonia, upper respiratory tract infection, and systemic viral infection in its coverage.

Mr. Gokongwei inquired on the reason why EReady product was offered, considering that historically, this product has been losing money. He asked what was the main point addressed by the product. Ms. Victoria explained that the product was created as an off-the-shelf product, providing a more affordable option than the MyMaxicare products. Mr. Argos explained that EReady advance was profitable before, and it was used for accidents. However, due to COVID, gallbladder, and other diseases, this was later abused. The gallbladder and other said exploited infections were already excluded.

The Committee had a discussed the need to review the EReady product since it was prone to exploitation and fraud. The Committee also discussed the proper way to define or even differentiate “emergency care” and “urgent care”. Some Committee members agreed that, an accident-coverage product was an interesting market. Mr. Argos pointed out that this would be one of the products that would be addressed in the OGSM<sup>23</sup>. Mr. Go suggested to suspend selling the product altogether since there was ambiguity on the actual purpose of EReady. To conclude, there was a need to define the actual scope and purpose of this product.

**Corporate Sales**

*January 2024 Sales Performance*

Corporate Sales achieved 112.62% of its target, which represented a 17.63% growth when compared to the same period in 2023, as presented below:

<sup>23</sup> OGSM: objective, goals, strategies and measures

	2024 Actual Performance (M)	2023 Actual Performance (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
New Business	616	751	-17.98%	-135	208	296.15%
Renewal Business	7,859	6,454	21.77%	1,405	7,186	109.37%
Corporate Total	8,475	7,205	17.63%	1,270	7,394	114.62%

During the covered period, the highest gain was from Etiqa at ₱392 Million, while the highest loss was from Intellicare at ₱354 Million. The highest net gain was from Etiqa at ₱378 Million whereas the highest net loss was from Medicard at ₱235 Million.

Mr. Gokongwei instructed that moving forward, a column detailing those who added.

nts and Renewal Business

MS. VICTORIA NEXT presented the new and renewal business:

New Business - Jan 2024			
Particular	2024 Actual	2023 Actual	% Growth
Number of New Accounts			
Number of New Members of New Accounts			
Estimated Total Contract Value (TCV)			
Per capita			
Renewal Business - Jan 2024			
Particular	2024 Actual	2023 Actual	% Growth
Number of Renewed Accounts			
Number of Renewed Members			
Estimated Total Contract Value (TCV)			
Per capita			

Based on records, the Corporation’s number of new accounts and new members decreased by -16.67% and -42.95%, respectively, when compared to the same period in 2023.

The Estimated Total Contract Value (“TCV”) of the new accounts declined, amounting to , which represented -17.97% decrease compared to the same period in 2023. The per capita cost increased by an average of 43.77%

for quoted accounts for January 2024 when compared to the same period in 2023.

Ms. Victoria noted that the Corporation’s renewal of accounts from January 2024 decreased by **-10.15%** compared to the same period in 2024. There was a decrease in the number of renewed members by **-9.10%**. The Estimated TCV of the renewed accounts amounted to \_\_\_\_\_, which translated to a **21.75%** growth compared to the same period in 2023. The per capita rate likewise increased by an average of **33.94%** for quoted renewed accounts for January 2024 when compared to the same period in 2023.

The Committee discussed the ASO<sup>24</sup> for BPI, however management was unable to answer some clarificatory questions. Mr. Gokongwei instructed Ms. Victoria to clarify such in the next scheduled Committee meeting. The table relevant to this matter is seen below:

EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Previous Provider	CM	Reason for Closing
1-Jan-24					ASO 3% Officers 7.9% Staff	
14-Jan-24					23%	
1-Jan-24					23%	
1-Jan-24					9%	
25-Jan-24					25%	
1-Jan-24					25%	
1-Jan-24					23%	
1-Jan-24					25.00%	

Ms. Go requested to add notation that Maxicare should look into the past data on late billings of replenishment amount and how Maxicare can factor that into the profitability. She also pointed out that the target profitability on ASO<sup>25</sup> did not consider the fact that there are existing operational gaps and due to this, the hypothetical margins were not being achieved because the funds were not being timely replenished. Mr. Gokongwei asked whether there was a product manager assigned to ASO products. Mr. Argos explained that there was no specific person who has an end-to-end accountability.

Ms. Go posed a question to the Committee whether to continue or suspend this ASO product since it may have been causing losses as there was an apparent incapability in selling these products. Mr. Gokongwei instructed to list the measures being undertaken to address the risks.

Mr. Gokongwei likewise asked whether there were separate P&L items for ASO products and Full-Risk (“FR”) products. Ms. Uy explained that this was what

<sup>24</sup> ASO: Administrative Services Only

<sup>25</sup> ASO: Administrative Services Only

previously done and that they would revive that method. Mr. Go asked Mr. Joseph L. Reyes (“Mr. Reyes”) how much were the accounts receivables for ASO products. According to Mr. Reyes, it was around [REDACTED] last June 2023. Mr. Gokongwei asked how much were the ASO and FR products in the [REDACTED] or so revenues for corporate. According to Ms. Victoria, with the loss of [REDACTED] this year, it would be about less than 10% would be for ASO.

Mr. Argos added that in terms of ASO receivables, it was not just about process but also the reports. He gave an example such that if a revolving fund was set up equal to 3 months utilization, every month a replenishment was billed. That bill was equal to roughly 1 month of utilization. Hence, 2 months into the contract, 2 months utilization would have been billed, receivables would also be 2 months of utilization. However, the fund part was initially for 3 months. With this scenario, is Maxicare considered to have given an advance? Mr. Reyes replied, that for this case, it would not be considered to be an advance. Mr. Argos emphasized that this precision must be observed in reporting. He mentioned that there are also other extremes, such as for the hybrid accounts, where there are no funds, and billing was made post-fact.

Mr. Reyes discussed the previous ASO<sup>26</sup> agent analysis. Specifically for [REDACTED] the plan was depleted because of late billings. With this account, for recovery there had been some back-and-forth exchanges with the broker with regard to the billing. For January, it was depleted due to the late billing, which was caused by the exchanges between Maxicare and the broker because they were reviewing the billings. The agreement with respect to the review was only agreed upon in January therefore, the billing was also just released in that same month. When it was matched with the fund balance, it was already depleted. Mr. Argos asked what was the root cause for the conversations between the broker and Maxicare. Ms. Victoria explained that there were issues in billing, specifically the billing for the full-risk portion of [REDACTED] and the billing that was going to be charged to their fund under ASO. The problem with the ASO account of [REDACTED] was its hybrid nature. Part of the invoices released had errors that should have been billed to ASO rather than the FR.<sup>27</sup> There was a need to return the invoices for the correction of names tagged. She noted that this was an example of a limitation of a hybrid set-up. Mr. Go instructed that moving forward, this should not happen again, especially with the new software.

Ms. Victoria proceeded to report on the major corporate accounts that have renewed for 2024, to wit:

---

<sup>26</sup> ASO: Administrative Services Only

<sup>27</sup> FR: Full Risk

EFFECTIVE DATE	ACCOUNT NAME	INCREASE	LR	CM	2024 TCV WITHOUT VAT	HEADCOUNT
1-Jan-2024		35%	107%	9%		119,480
1-Jan-2024		10%	89%	8%		55,796
1-Jan-2024		35%	98%	18%		44,345
1-Jan-2024		24%	90%	17%		28,788
1-Jan-2024		34%	85%	21.00%		9,703
1-Jan-2024		11%	71%	11.00%		13,972
1-Jan-2024		Company Paid: 12.5% Voluntary: 11.5%	87%	Company Paid: 12.5% Voluntary: 11.5%		13,251
1-Jan-2024		35%	94%	21.00%		14,512
16-Jan-2024		30%	96%	15.50%		16,413
1-Jan-2024		P-22% D-33%	N/A	17.00%		3,355
1-Jan-2024		Company Paid: 10% Plan D w/copy: 21% Plan D w/o copy: 54% Voluntary: 83%	92%	19.00%		4,255
1-Jan-2024		8% CHF/ 100 NAF	ASO	7.90%		20,037
1-Jan-2024		12%	80%	16.00%		5,101
1-Jan-2024		34%	96%	18.00%		4,582
1-Jan-2024		20%	96%	15.00%		2,294
1-Jan-2024		28%	97%	15.00%		2,371

The top four (4) accounts for 2024 were: The Major Did-not-Renew account for January was [redacted] with a value of [redacted]. It was reported that they switched to Cocolife, who offered a 13% discount from status quo rates while Maxicare offered a 17% increase. The table presented for the same was as follows:

EFFECTIVE DATE	COMPANY NAME	Reason for non-renewal	Chosen Provider	Years with maxicare	MLR	CM	INCREASE	2023 HEADCOUNT	2023 TCV WITHOUT VAT
1-Jan-23					89.00%	15%	17%	11,532	
1-Jan-23					88.00%	18%	43%	3,220	
1-Jan-23					118.00%	9%	42%	7,899	
1-Jan-23					102.00%	16%	38%	4,600	
1-Jan-23					109.00%	18%	51%	7,200	
1-Jan-23					ASO	7%	ASO	1,618	
1-Jan-23					ASO	20%	ASO	2,848	
1-Jan-23					95.00%	15%	33%	1,613	
1-Jan-23					92.00%	28%	39%	1,667	
1-Jan-23					92.00%	17%	28%	1,494	
18-Jan-23					94.00%	15%	28%	741	
1-Jan-23					79.00%	19%	17%	484	
1-Jan-23					110.00%	18%	55%	1,015	
1-Jan-23					87.00%	17%	28%	856	
16-Jan-23					76.00%	16%	1%	686	

Ms. Victoria noted that most of the non-renewals were driven by Maxicare's renewal offer rather than the offer made by the competitor.

Mr. Gokongwei inquired why [redacted] was offered a 43% increase. Ms. Victoria explained that this was due to benefit adjustment. He likewise asked what was [redacted]. Ms. Victoria explained that [redacted] is the ASO arm of Intellicare. Mr. Gokongwei inquired what was the advantage of having another company and whether it was for tax advantage purposes. Ms. Victoria responded that there was no tax advantage and explained that initially, the ASO contracts were also under Intellicare but they have since moved these to together with clinic bundling.



Mr. Rene Buenaventura (“Mr. Buenaventura”) asked about losing \_\_\_\_\_ and the reason why this company did not renew. Ms. Victoria explained that Cocolife offered a lower increase of 14% compared to Maxicare’s 28% increase and Cocolife had difficulty disengaging with their broker, \_\_\_\_\_. Mr. Buenaventura inquired whether the deterrence from disengaging with a broker was a common occurrence. Ms. Victoria explained that there are engagements with brokers that are globally mandated, specifically for BPOs. Their global counterparts assign to them the broker they will deal with. Mr. Buenaventura commented that that one was fairly standard. However, for local companies, this was the first time that a client did not renew for this reason. Ms. Victoria noted that the terms of engagement were peculiar to \_\_\_\_\_.

Mr. Roberto Macasaet, Jr. (“Mr. Macasaet”) inquired on the \_\_\_\_\_ account. Mr. Argos replied that they had a discussion and inquired on the needs of \_\_\_\_\_ to monitor its customer satisfaction since \_\_\_\_\_ and its affiliations are considered a major account for Maxicare.

## **V. Matters for Approval**

### *i. Fee for VAT Refund Application*

As discussed, Ms. Espallardo sought the Committee’s approval on Step Asia, Inc.’s Success Fee equivalent to 12% of the face value of Authority to Issue VAT Refund (“ATIVR”). The payment terms were as follows: (i) 6% shall be paid upon issuance of ATIVR; and (ii) 6% shall be paid upon issuance of the Government cheque. The Success Fee is subject to VAT. The fee structure shall be inclusive of all costs and expenses that may be incurred during the course of budget. After some discussion, the Committee approved the recommendation.

### *ii. Additional Budget*

#### Expenses for Approval - IT Related

Ms. Espallardo presented the table of expenses for approval, which are all IT-related, and which accrued in 2023:

## Expenses For Approval

(IT Related - Accrued in 2023: For Payout Only)

Direct Cost/Opex	Expenses Classification	Expense	Amount	Vendor	Department	Explanation/Justification/Reco
Opex	System Repairs and Maintenance				ICT	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				ICT	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				ICT	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				ICT	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				ICT	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				Operations	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				Marketing	Accrued in 2023. For payout only
Indirect Member and LOA	Rent				Operations	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				Marketing	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				Consumer Support Group	Accrued in 2023. For payout only

Direct Cost/Opex	Expenses Classification	Expense	Amount	Vendor	Department	Explanation/Justification/Reco
Opex	System Repairs and Maintenance				Business Intelligence	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				Operations	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				Marketing	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				Operations	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				Operations	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				Marketing	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				Marketing	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				Operations	Accrued in 2023. For payout only
Opex	System Repairs and Maintenance				Operations	Accrued in 2023. For payout only
Total Accrued						
Impact to 2024 P/L			0			

Mr. Argos explained that these were unbudgeted expenses but had been approved by the TTC<sup>28</sup> last October 2023. This had been accrued and approval for disbursement is now requested since the vendor was already billing Maxicare. Mr. Cayetano likewise noted that some of the services listed have been rendered 2021 and 2022. Mr. Go instructed to ensure that there would be no oversight. The Committee thereafter approved the recommendation.

Mr. Go requested for a central server that will be a depository of all Maxicare's Accounts Payable and Receivable. He emphasized that Maxicare has to be fair to all their suppliers. Mr. Argos instructed Ms. Espallardo to make a detailed report on these Accounts Payable indicating the amount to be paid, aging, payor, and details on the payment. Upon approval of the Committee, the budget should have been already lodged already with finance.

Ms. Espallardo presented another set of expenses for approval:

<sup>28</sup> TTC: Technology Transformation Committee

Expenses For Approval  
(IT Related - 2023 Expense Not Accrued)

Direct Cost/Opex	Expenses Classification	Expense	Amount	Vendor	Department	Explanation/Justification/Reco
Indirect Member and LOA	System Repairs and Maintenance					
Indirect Member and LOA	Telecommunication					
Opex	System Repairs and Maintenance					

Mr. Argos explained that these expenses were already approved in the budget however the funds have become insufficient. The Committee approved these presented expenses.

Expenses For Approval  
(IT Related - 2024 For Additional Budget : Already Implemented)

Direct Cost/Opex	Expenses Classification	Expense	Amount	Vendor	Department	Explanation/Justification/Reco
Opex	System Repairs and Maintenance					
Opex	Outsourcing					
Opex	Telecommunication					

Mr. Cayetano explained that there was a surplus of user licenses. There were 223 SAP users, which was beyond the 178 SAP licenses. Mr. Argos suggested to just cut terminate the licenses. Mr. Go said proposed that if this system was not working, then perhaps Maxicare can move to a less expensive system or just eliminate it. He added that he prefers a system that is non-voice. Mr. B. Go also suggested to make the non-voice intelligent.

Mr. Argos clarified whether the System Repairs and Maintenance highlighted above was for approval. Mr. Cayetano said that such was not for Committee approval.

Mr. Cayetano presented the next set of expenses which were for internet connectivity and which were already being implemented. Mr. Go said that if it's

already implemented, then it should be approved. For those not implemented yet, those expenses should be presented first to TTC for approval.

#### Expenses for Approval – Not IT Related

Mr. Reyes presented the final set of expenses for approval, which were the professional fees for \_\_\_\_\_, particularly: (i) success fee of \_\_\_\_\_, and (ii) projected time charges of \_\_\_\_\_.

The Committee inquired about the details of the case for which these expenses are sought. Mr. Argos explained that this was a case pursued by the Internal Audit Team, as recommended by the Audit Committee. Mr. Reyes discussed that this relates to a criminal case against a medium-sized enterprise, its owner, and the agent. The goal was to set a precedent such that future attempts of fraud will not be taken lightly and will be prosecuted to the hilt.

Upon discussion, the Committee found the fees to be quite costly considering the amount of the loss involved. Mr. Argos responded that he would discuss with Atty. Nilo T. Divina on the possible options for this success fee. He similarly mentioned that moving forward, the Committee should review and scrutinize the matter before committing and pursuing a case.

#### **VI. Other Matters**

There were no other matters discussed.

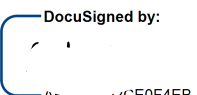
#### **VII. Adjournment**

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

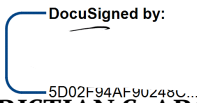
Prepared by:

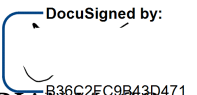
  
71AD7785C6AC4C1...  
**ATTY. DANNY E. BUNYI**  
*Corporate Secretary*

Attested by:

  
A741DCAD12FE4FC...  
**ANTONIO L. GO**

  
D68D36EBA4F345D...  
**LANCE Y. GOKONGWEI**

  
5D02F94AF90246C...  
**CHRISTIAN S. ARGOS**

  
R36C2FC9B43D471...  
**BRIAN M. GO**

  
A741DCAD12FE4FC...  
**ESTHER WILEEN S. GO**