

MAXICARE HEALTHCARE CORPORATION

MINUTES OF THE EXECUTIVE COMMITTEE MEETING

Boardroom, Maxicare Tower
203 Salcedo Street, Legaspi Village, Makati City¹
20 March 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
JASPER HENDRIK T. CHENG
GULLY GO
JOE MERRITO P. BUOT
FIONA MARIE L. VICTORIA
JOSEPHINE LOPEZ
MERVIN L. POBRE
JOSE PASTOR Z. PUNO
KEISHA KIBANOFF
MAFFY BATUNGBACAL
ELIZABETH GREGORIO
NEDINO LESTER CAYETANO
MIKE LIWANAG
KEISHA KIBANOFF
MARK MACAPAGAT
MAFFY BATUNGBACAL
KURLEIGH GACUTAN
ATTY. KYLE BOLLOZOS
MARIA FE AGNES BATUNGBACAL
MA. COMPOSITA FLORES
JENINA JOY MALAPITAN
ATTY. DANNY E. BUNYI
ATTY. JANNA MAE B. TECSON
ATTY. MARY ZOELLI R. VELASCO
ATTY. NINNA A. BONSON
MARIA ESTRELLA GARCIA
RIZ GAURAN

¹ 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 28 February 2024.

IV. Reports

i. Project.

Mr. Christian S. Argos (“Mr. Argos”) updated the Committee on Project . – which is the project name for the organizational transformation initiative, taking off from the output of the Acumen Engagement.

He divided his report into two (2): (a) Description of the project, its structure, and the composition of team members; and (b) Key priority roles and the qualifications envisioned for these 2 priority rules – Chief Human Resource Officer and Chief Customer Officer.

The OGSM³ envisions Maxicare to be the most trusted healthcare and benefits provider in the Philippines, delivering better customer experience throughout the patient journey, enabled by the most relevant network and benefits solutions and touchpoints. Mr. Argos explained that this would be done by transitioning and focusing on the patient journey across HMOs⁴, healthcare delivery, and health insurance.

²

³ OGSM: Objective, Goals, Strategies and Measures.

⁴ HMO: Health Maintenance Organization.

Mr. Argos explained that the entire company must pivot towards customer-centric goals, which was something that did not previously exist in the HMOs. The aim was to switch from traditional modes to B2B⁵ and be more operational focused. There must be an understanding regarding as to how customers behave, and what their healthcare needs are and these require new capabilities in the organization.

Additionally, there are now three (3) companies in the group. Hence, integration is key for the execution of OGSM moving forward. These were the two (2) main reasons for the change, and it is absolutely critical for such change to be executed in 2024.

For the implementation, external assistance was sought from Acumen to build the structure and organizational framework. As to the execution, the JG HR Team was engaged to augment internal resources. This was composed of members from three (3) different business units, office of MaxiGroup, and HR officers from JG.

Mr. Argos emphasized that the change would impact not just Maxicare, but their internal and external stakeholders as well:

Project
will support OGSM & Maxigroup desired destination 2028



The scope of the project focuses on “N - 2⁶”. The rest of the organization will follow suit and will be tackled by their own internal teams.

Mr. Argos discussed that Project . stands for . The project team’s members are as follows:

⁵ B2B/B2C: Business-to-Business/ Business-to-Customer.

⁶ N-2: Employees directly reporting to C-suite.

1. **Project Sponsor:**
2. **Project Management:**
3. **Strategy:**
4. **HR & Comms**

The deliverables for the project are three-fold:

1. *Organization Effectiveness.*

The team will define in detail the: (a) Organization structure of the N - 2; and (b) Job design for all of the roles for N - 2.

The team will also deliver a change management plan and communications plan, which will be executed by each team.

The project team will engage in stakeholder checks with the Committee and within the teams to ensure alignment with the process, and that we are responsive to any organizational changes that must be recognized as they come up throughout the process.

Finally, the project team will determine the citizenship of each of these Maxigroup functions and decide which entity will house a particular function or resource. It was clarified that the creation of a separate MaxiGroup entity was not envisioned for this project, but rather, it was ensured that there would be alignment in terms of roles and expectations.

2. *Recruitment and Retention.*

This would involve benchmarking and looking into internal and external talents for the roles. Between the previously mentioned two (2) deliverables, the target completion was envisioned to be completed within six to twelve (6-12) months.

3. *Culture & Capability.*

This was envisioned to start within five (5) months from the commencement of the project. This will support the entire organizational transformation process up to year 2028.

The company culture was not expected to change from the ground up. An identification on what works would be made and an amplification thereof would be made regarding the current culture.

Mr. Argos also explained that capability building was more important. Capabilities must be built to support OGSM, and the organizational development and HR capability as MaxiGroup.

As the project team cycles off after six (6) months, own internal resources and capabilities would take the process forward beyond six (6) months.

Project _____ was expected to have fast results with weekly cadence meetings and monthly updates to the Committee. The timetable was presented as follows:

Project _____ will move fast and report as follows in monthly ExCom



Within _____, focus would be given to the N - 1⁷ Priority Roles including creating their Job Design, and initiating screening and recruitment for the N - 1 Priority Roles. There are two (2) roles planned:

- 1. Chief Human Resource Officer for MaxiGroup; and
- 2. Chief Customer Officer.

Mr. Argos further discussed that depending on the progress in terms of alignment with OGSM workstreams, some N - 1 and N - 2 roles would have to be accelerated. If personnel changes are undertaken throughout the process, the same would be accelerated as well.

Mr. Argos stated that starting _____, the process would move on to N - 2⁸ organizational structure.

For the remainder of the year, the communications plan would have to be executed to support all the personnel changes both in onboarding and recruitment, as well as communicating with internal and external candidates for these roles.

Once the 6-month mark is reached, the plan would move on to N - 3⁹ or design, which would be taken on board by the organization and will be set up through capability building in the 6-month engagement both to MaxiGroup HR organization

⁷ N-1: C-suite employees; directly reporting to the CEO.
⁸ N-2: Employees directly reporting to C-suite.
⁹ N-3: Employees at least 3 levels down from CEO.

and the individual HR organizations, which will execute the communications plans, recruitment, and the organizational development processes.

Mr. Argos added that throughout this entire period, all the stakeholders would continue to be engaged, and culture and capability building will continue to be worked on.

The project was divided into three (3) phases:



1. Quick Wins (o-6 months)

In executing this and picking off from the Acumen output, the would be working with the Project team within the 6-month Quick Win Period. Aside from the two (2) key and N - 1 roles, and other support functions that would be prioritized within 6 months, specifically around product development and management, as well as the resources required to support this process (i.e., data and research). Also, the B2C¹¹ capability would be shown because of the current gap.

2. Mid-Term

Mr. Argos discussed that for the mid-term phase, it was expected that most work being done by MaxiGroup HR Organizations would be used. By this time, the group CHRO would already be on board. The Chief Customer Officer would be driving product development, because this is when the new product development activities of the OGSM would be implemented across MaxiGroup. A fully functional project management office would be needed, not just for the technology side but also to support agile teams to bring new products to the market and ensure that there will be process integration for these products, as intended.

¹⁰ CHRO: Chief Human Resources Officer.

¹¹ B2C: Business to Customer.

3. Long-Term

Mr. Argos explained that this phase would be fully handled by MaxiGroup. By the thirteenth (13th) month onwards, the execution of the OGSM would be fully fleshed out.

Mr. Argos reported on the job descriptions of the CHRO and CCO¹², as follows:

Chief Human Resource Officer:
Champion of Employee Experience and Organizational Transformation

Key Responsibilities	Target Profile
<ul style="list-style-type: none">Strategic HR management involves designing, implementing, and monitoring programs to optimize talent, engagement, and organizational effectiveness.Lead organizational change through strategic planning, resource leverage, and effective decision-making for timely transformation milestones.Centralize HR services to streamline processes, manage costs effectively, and enhance employee experiences.Manage employee data securely and efficiently using HRIS platforms, data protocols, and analytics for informed decisions.Align HR strategies with organizational goals, foster strong partnerships, and manage labor relations effectively.	<ul style="list-style-type: none">15 years of HR leadership experience, strong business acumen, communication skills, global perspective, and strategic initiative expertise.Fostering a culture of care, empowerment, and accountability is paramount for organizational success.Target companies from brokerage firms, FMCG, multinational corporations in healthcare and insurance, internal Gokongwei Group-wide recommendations

Mr. Argos explained that the first two listed key responsibilities are the most important because these would give MaxiGroup the capability to look at the business needs, execute its short-term objectives and to ensure that they have the right talent, performance measures and processes in ensuring organizational effectiveness.

In terms of target profile, the aim is to look at seasoned individuals. According to Mr. Argos, while the target profile was very ambitious and may seem like a wish list, they want to look at industries that are beyond HMO, specifically an FMCG¹³ company. He raised that internal Gokongwei group recommendations for these roles would be appreciated. A lot of businesses with this kind of talent exist but there are strong internal candidates as well. He noted that they would undergo benchmarking, screening, and recruitment processes.

¹² CCO: Chief Customer Officer.

¹³ FMCG: Fast Moving Consumer Goods.

Chief Customer Officer: Champion of Customer Experience and Product Innovation



As to the CCO¹⁴ position laid out above, Mr. Argos pointed out that this is a capability that they did not have in Maxicare. Product ownership was previously very tenuous, and the Acumen engagement and ROG have highlighted the need to have a dedicated product team that covers the entire group. This product team should be customer-oriented and customer-focused. The candidate should have a strong background in working with data and a strong market research experience as well as a structured product development approach.

According to Mr. Argos, his personal preference in relation to the target profile, and in looking at very seasoned individuals, is to get from the FMCG space. To him, this is the kind of experience and mindset that is needed to inject into MaxiGroup, and which doesn't exist typically in healthcare. He opined that it would also be good to look at the pharmaceutical industry and learning from their customer insighting and developer collaboration experiences.

Mr. Brian M. Go ("Mr. B. Go") inquired whether they have decided on the title of the individual – whether it would be "customer officer" or "product officer". Mr. B. Go explained that he has seen some presentations which indicated "product officer" instead of "customer officer". Mr. Argos clarified that it would be "chief customer officer". The indications of "product officer" were just forces of habit because when they went through OGSM, they were called the product team. Mr. B. Go requested that there should be alignment in the terms used in the presentations. There has to be consistency with respect thereto.

Mr. B. Go similarly inquired whether Acumen would be used in the first six (6) months. Mr. Argos clarified that Acumen will not be used, but he will coordinate again with them to follow-up on information and deliverables. The Quick Win phase

would take-over or take-off from what Acumen has delivered and will deliver throughout their post project closure.

Mr. B. Go clarified whether there were “freebie” documents. Mr. Argos explained that these were part of the deliverables. However, he mentioned that there was some ambiguity with the interpretation of what had to be delivered. These have been solved and there was already an alignment in Acumen with respect to the N - 2 structure, specifically the B2B/B2C sale side.

In relation to RACI¹⁵ and project governance, Mr. Argos explained that they were looking at a quick cadence for executing this. He discussed that RACI must be aligned with the OGSM. The HR-PMO, which was mentioned earlier, will be responsible for the design, organizational structure, change management plan, doing independent talent screening, sourcing, and selection of candidates, and also take point in stakeholder management and giving updates.

Mr. Argos further discussed that the execution side would be handled by MaxiGroup and they will be used in MaxiGroup, specifically moving beyond the N - 2¹⁶. N - 3¹⁷ on job designs, job specifications, hiring execution, giving out the offers, and most importantly, execution of the change plans for both the organizational transformation and culture, and reinforcement and capability.

As best practice, Mr. Argos explained that the business units (“BUs”) have to take ownership over this, as recommended by the HR-PMO¹⁸. He noted that a better job would be done this time and that this would be aligned with the MaxiGroup strategy. He mentioned that he would be accountable for the output and execution of this project. A consultation with the strategy office led by Mr. Kurleigh Gacutan would be done to ensure that any workstream under it was considered. Mr. Argos further explained that a communications plan was formed to ensure that all the stakeholders are informed.

Mr. A. Go requested to go back to page 6 of the presentation. He pointed out that time plan was way too long. He suggested to cut the time plan for the phases to nine (9) months. He requested to have the Quick Win phase cut down to just five (5) months.

Mr. Argos explained that page 6 of the presentation just described the phases, but page 5 showed the monthly basis and the same could be done in five (5) months. Mr. A. Go clarified whether they would be able to see some results by the fifth month in terms of membership and revenue, to which Mr. Argos answered in the affirmative.

¹⁵ RACI: Responsible, Accountable, Consulted, Informed.

¹⁶ N-2: Employees directly reporting to C-suite.

¹⁷ N-3: Employees at least three (3) levels down from the CEO.

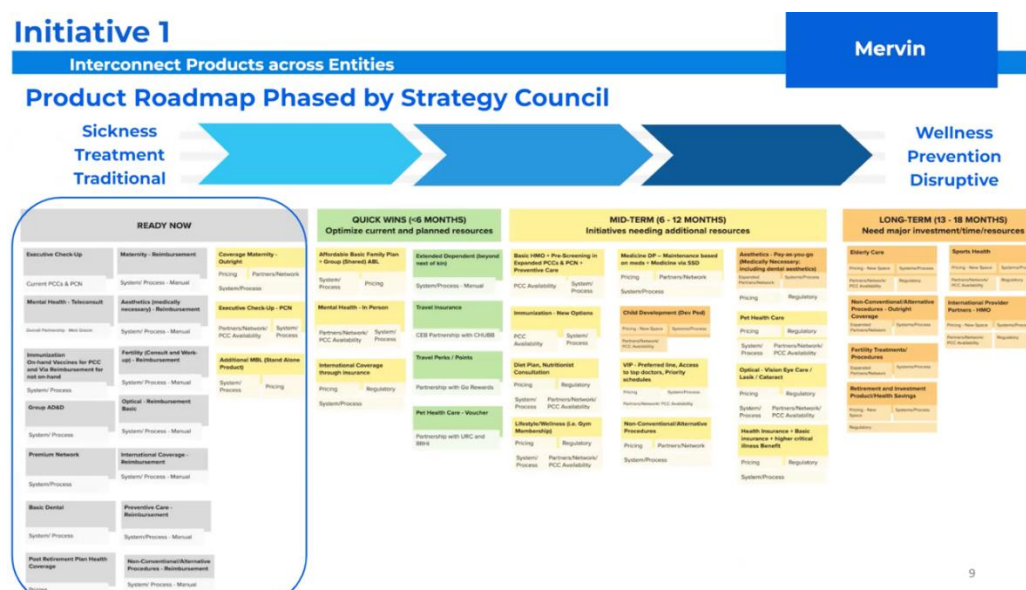
¹⁸ HR-PMO: Human Resources-Project Management Office.

Mr. Argos mentioned that such results would be definite in terms of revenue because the CCO¹⁹, as well as the product team and PMO²⁰ would be in place. N - 2 would also be implemented around in April.

ii. *Product Sprint Updates*

Mr. Mervin L. Pobre (“Mr. Pobre”) reported on the updates on the progress of the delivery of the product roadmap as phased by the Strategy Council.

He again shared the product roadmap as seen below, which was first presented to the Committee last February:



Mr. Lance Gokongwei (“Mr. Gokongwei”) asked who the members of the Strategy Council were. Mr. Pobre answered that the members of the Strategy Council were Mr. Argos, Mr. Mike Liwanag, Mr. B. Go, Ms. Esther Go, and himself.

Mr. Pobre then discussed that in the product roadmap, the ones completed for delivery were the “Ready Now” products, which are encircled in blue or 17 products in total. He announced that thirteen (13) of the seventeen (17) products are going to be ready by the 25th of March 2024.

He then explained the four (4) sprints involved in Ready Now-Phase 1:

¹⁹ CCO: Chief Customer Officer.

²⁰ PMO: Project Management Office.

Initiative 1: Interconnect of Products (Ready Now - Phase 1)				
Sprints	Product Leads	Progress Highlights and Critical Dates	Roadblocks/Challenges	RAG Status
	J. Bonagua J. Moralde R. Uy			
	C. David L. Balba J. Limbaring E. Siasoco			
	R. Sevilla S. Aquino L. Iquina D. Mercado			
	M. Manrique E. Nueva I. Lagazon			
<div><div></div> On Track<div></div> At Risk<div></div> Delayed<div></div> Completed<div></div> Yet to begin</div>				

In Sprint 1, there are four (4) products, and these were already completed, and selling has started since 14 March 2024.

For Sprint 2, there were also four (4) products: two (2) products were on track and the start of selling was targeted to commence on after the official cascade to the distribution team.

However, there are two products: and , which are currently in progress. The plan was for these products to be able to catch up and to complete these by this month, as well as target to start selling by . Mr. Pobre noted that the difference was because of the allowance required by training and also because of upcoming Holy Week.

For Sprint 3, there were four (4) products. Mr. Pobre reported that the start of selling was targeted for . The were still being worked on but were almost completed. These, together with the and will be launched together with Sprint 4, which was targeted to be sometime in to , or even earlier.

As to the product brief, the target completion was within . Afterwards, selling will be able to commence.

Mr. A. Go explained that , products were tried to be done before, but money could not be made. He inquired from Mr. Argos as to how money could be made.

Mr. Argos explained that the product which was made for , was a risk-based product, and it was difficult to handle because there was too much variability. The current maternity product envisioned was packaged as more of an out-of- pocket as opposed to one that incorporates an element of risk.

Mr. A. Go inquired as to how the current product was different from its previous version. On the other hand, Mr. B. Go requested for the products to be presented like product launches, with at least the basic business plan shown. He suggested to have the sales plan shown for year 1 onwards, as well as the profitability. As such, the parameters would be set in relation to the OGSM and the set of product features.

Mr. Argos clarified that the product presented is a refined version of the old one. In this type of product, a B2C element is needed, so that even if the company does not decide to give benefits, the individual can pay. If the same is done, it cannot be risk-based because individuals can decide to

Mr. B. Go sought clarification on the date indicated in the presentation: 25 March 2024. He inquired as to what said date meant. Mr. Argos explained that they already have existing products and if the products presented are to be sold, there must be actions done to push, repackage and they should make a concerted effort to enhance it.

Mr. Argos explained that they already have an existing ASO²¹ product. He stated that most of their maternity products were ASO, but the future for a B2C product is Prima Maternity. From the B2C perspective, a different process must be undertaken.

Mr. A. Go raised a query as to the target market for such products. Ms. Fiona Marie L. Victoria (“Ms. Victoria”) clarified that the target market was only B2B, since these are Ready Now products and are already embedded. She explained that these are riders to the four (4) HMO products.

Mr. B. Go asked to show the changes since it was presented as a product launch, it meant that something changed between the old and new product.

Ms. Victoria explained that they just utilized or came up with a product design from the existing products, hence these are really more on the push. For example, the products right now are really an ASO with an effort to upsell was made.

Mr. A. Go requested to check related historical trends such as, how much had been spent in relation to said product and how many female people get pregnant.

Mr. Argos clarified that was not normally covered. Hence, the utilization data in relation to products was not big. However, they are looking outside because it was not covered, thus they are trying to tap into that out of pocket product, and later on,

Mr. Gokongwei inquired as to the term “Ready Now” and what it meant. Mr. Pobre answered that Ready Now products are products which they have now. The purpose of Phase 1 of the initiative was to just package and push it to distribution so that they

²¹ ASO: Administrative Services Only.

can proactively sell it to the clients – both for Maxicare and MaxiLife. For example, in the case of MaxiLife, the average coverage sold as an embedded product was

But, if the product features are considered, the approval was up to [redacted]. Hence, there is an opportunity to upsell them instead of just selling [redacted]. With this, as part of the product training and cascade, the team was told that instead of offering [redacted] why don't they increase to even about [redacted].

Ms. Victoria discussed that the [redacted] penetration rate was around fourteen percent (14%), which translates to around 260,000 out of the 1.8 million active members that had a [redacted] benefit.

Mr. Argos discussed that for every benefit item in the insurance system, there are 200+ statements, and funding arrangement limits. All of these have to be defined. Thus, the addressable market is not 1.8 million. There was also an opportunity with spouses of covered employees. There were accounts with no dependent coverage.

Mr. Pobre added that in the next phase of product development, fewer products would be launched because these would be new products that were developed from scratch. Mr. A. Go clarified whether the spouse was ignored. Mr. Argos clarified that they did not, and the need for up-selling was recognized.

Mr. A. Go inquired as to the manner of validation on whether the spouse was legitimate or not. Ms. Victoria discussed that the same would be determined by a company's HR.

Mr. Argos explained that the same was part of the underwriting process by-product. If it was a cost-product, then they will not proceed. The same could even be bought for the non-spouse (i.e., individual is not married yet). However, Mr. Argos noted that if it was actuarially defined and bound, and one would want to guard against anti-selection, then the underwriting must be tightened. Additional documentation may be required (i.e., marriage certificate, or HR-issued certification, barangay common law certificates and/or requirements).

Mr. A. Go inquired as to how such underwriting would be tracked, and at what point would it be known that the same would be profitable.

Ms. Victoria explained that part of the monitoring of the temporary drug needs was specific per product. The same was being put in place before a full transition would be made from product management to the product team.

Mr. Roberto Macasaet, Jr. ("Mr. Macasaet") inquired whether the said products were already being offered by the competitors or if they are a pioneer in this area. Ms. Victoria explained that most of the maternity Ready Now products (i.e., Sprints 1 to 4) were available in the market as a full HMO product, but commonly priced as a rider. The delivery portion, aside from what would be initially covered by HMOs,

was what was trying to be produced. The proposed new coverage for the product was the _____ During sell out, what was envisioned was an end-to-end _____ package.

When the team developed the product, they placed the capabilities of MHSI for the pre and post detail consultation. The existing delivery coverage was built-in, and a post care package was done. Mr. B. Go, however, emphasized that whoever would be the product lead must present the price and value proposition.

Continuing the discussion and for purposes of interconnection, Mr. Argos explained that there must be vaccinations for pediatrics. When one goes through the paternity journey, the child is taken care of, as well as all the vaccines. Mr. A. Go inquired as to what were they selling, including all other vaccinations. Mr. Argos explained that the plan was to build towards the sell up, and to eventually have all of these products which could be picked and bought as shown.

iii. *Maxigroup Insurance System*

Mr. Nedino D. Cayetano (“Mr. Cayetano”) reported on the Maxicare Insurance System and Top IT Initiatives. He focused his report on the items which were in amber and stated that these were still on the deliberation phase and were being discussed together with JG Procurement, as well as involvement of the Boston Consulting Group. There were still risks in terms of implementation due to the nature of the project.

Mr. Cayetano discussed that it would take around twelve (12) months to fully implement this and not because of any kind of delay. From Maxicare secure account viewpoint, this was on amber status because even though this was on track, there were remaining platform issues, which Medilink was fixing. Consequently, this may lead to delays in delivery.

The delivery date for MaxiGroup SSO was initially targeted for June 2024. The investment memorandum had already been released and implementation will start after the approval. Mr. Cayetano explained that the scope of the enterprise SSO should not be limited only to Project Carebears but should be encompassing. All of the touch points which the members use must be included such that mobile numbers and contact details may be obtained. This would aid in filling the information gaps which they have today, as well as in marketing doing hyper targeted campaigns.

He further noted that once the rollout observation period was finished, they would now proceed to the pilot stage, and the intent was to roll out eMedcore + to all PCCs by May.

Priority	Mailgroup Initiative Name	Project Manager Assigned	Mailgroup Point of Contact(s)	Mailgroup Project Sponsor(s)	RAG Status	Indicative Completion Date
1		Shane Mangual (Medlink)	Ned Cayetano	Ned Cayetano	Ongoing	
2		Cherry Brillio (Maxicare) / Jesse Iao (Maxicare)	Jesse Iao / Ned Cayetano	Sean Argon / Tet Espallardo / Ned Cayetano / Marvin Polina	Ongoing Deliberation DMC vs Oracle	
3		Adrian Chica (Maxicare) / Jesse Iao (Maxicare)	Jesse Iao / Ned Cayetano	Tet Espallardo	Ongoing Deliberation DMC vs Oracle	
4		Rona Razon (Maxicare)	Rona Razon / Ned Cayetano	Axel Maternie / Fiona Lava	Ongoing	
5		Rona Razon (Maxicare)	Rona Razon / Ned Cayetano	Axel Maternie / Fiona Lava	Ongoing	
6		Rona Razon (Maxicare)	Rona Razon / Ned Cayetano	Axel Maternie / Fiona Lava	Ongoing	
7		Mark Rolly Savendra (Maxicare) / Janelle Chan (Medlink)	Mark Rolly Savendra	Ned Cayetano	Ongoing	
8		Yohannes Suelto (Maxicare) / Rona Razon (Medlink)	Ned Cayetano	Ned Cayetano	Investment Memo Issued. Will kick start after approval	
9		Edmund Margallo (MHSI)	Edmund Margallo	Josephine Lopez	Ongoing	
10		Jonathan Gavino (Maxicare)	Jonathan Gavino	Ned Cayetano	Ongoing	
11		Edmund Margallo (MHSI)	Edmund Margallo	Josephine Lopez	Ongoing	
12		Jonathan Gavino (Maxicare)	Jonathan Gavino	Ned Cayetano	Ongoing	

There are also items which would be completed by March. As to the Enhancements, the same were already in production ahead of the schedule. Production commenced on 04 March 2024, and the client UAV tests were made by the operations team of Maxicare.

As to member uploading from Payorlink 1 to SAP, there were still remaining billing issues due to disparities of member accounts between PL1 and SAP. This was more of a stopgap, so that they would not encounter any further issues moving forward.

Mr. Gokongwei inquired whether those issues have been addressed. Mr. Cayetano explained that this was just a stopgap, because what would be done next was to produce the report to show the disparity between Payorlink 1 to SAP.

Mr. Gokongwei likewise asked if this was a big problem. Mr. Cayetano answered that it could be quantified based on the number of items which are not billed because of the disparity.

Ms. Maria Teresita Espallardo (“Ms. Espallardo”) explained that they were still experiencing delays in the issuance of billings because there are issues between the systems. Analysis and coordination with different teams are needed to be able to identify if there are gaps.

Mr. Gokongwei then clarified whether the gap was in the billing or in removing the inactive member. Mr. Cayetano discussed that the gap was the fact that there were divorced systems. The two SAPs were not integrated, which should not be the case. This was something that MIS²² was going to address once fully implemented.

Mr. Gokongwei asked how long it would take to address the issue. Mr. Cayetano answered that mitigation measures have been set in place. That was why they had the member uploading mitigation project which was already in production.

²² MIS: Maxicare Insurance Solution.

Mr. B. Go raised that there were sixteen (16) identified concerns and only a few were addressed by Mr. Cayetano. Mr. Cayetano responded that this was different and the one referred to relates to ACVP.

Mr. Cayetano explained that the reason why this was being done was because they want to eliminate clerical work operations. He explained that the member movement was being handled by Ms. Precious Alcantara from Maxicare Operations, who was doing it manually so that it would be accepted by the SAP processor. According to Mr. Cayetano, there should be no human intervention on any member movement from the customer side.

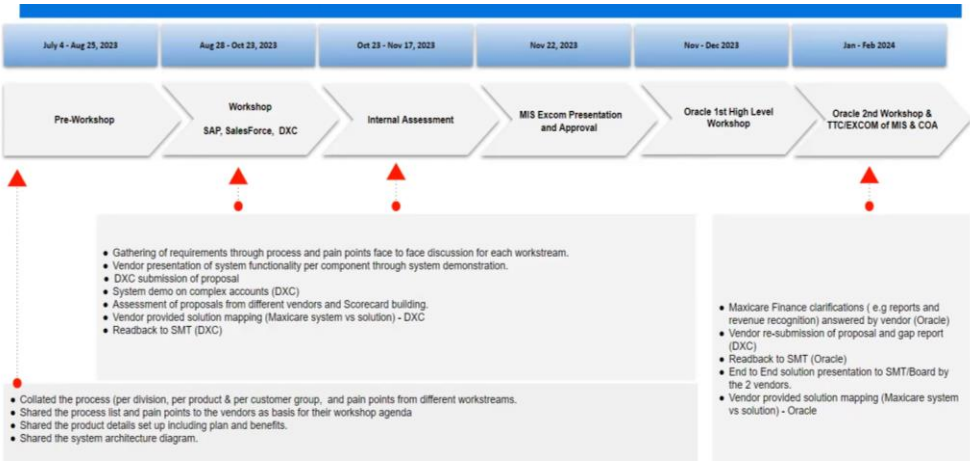
Mr. Cayetano discussed that the proposed measures would actually reduce the profit, but the actual fix really was an API integration between dealing and underwriting:

Priority	Maxigroup Initiative Name	Project Manager Assigned	Maxigroup Point of Contact(s)	Maxigroup Project Sponsor(s)	RAG Status	Indicative Completion Date
13		Lea San Pedro (Maxicare)	Lea San Pedro / Christine Lim	Ned Cayetano	Ongoing	
14		TBD	TBD	Ned Cayetano / Fiona Lava / Sean Argos	On Hold	
15		Rosa Triani (Medlink)	Christine Lim	Liz Gregorio	Continuous	
16		Albert Angeles (Medlink)	Christine Lim	Liz Gregorio	Continuous	
17		Louise Tec (Medlink)	Mark Paguio	Ned Cayetano	Ongoing	
18		Carlo Dela Cruz (ES) / Allen Tatco (Maxicare)	Allen Tatco	Ned Cayetano	Ongoing	
19		Patricia Solimano (Maxicare)	Gyle Genoso	Rodelee Uy	Ongoing	
20		Nina Guevarra	Nina Guevarra	Josephine Lopez	Ongoing	
21		Kirstie Marinduque (Medlink)	Ned Cayetano	Ned Cayetano	Completed	
22		Kirstie Marinduque (Medlink)	Precious Alcantara	Ned Cayetano	Completed	
23		Janelle Chan (Medlink)	Mark Rolly Sevandra	Ned Cayetano	Completed	
24		Patricia Solimano (Maxicare)	Gyle Genoso	Rodelee Uy	Completed	
25		Astrod Vilenio (Maxicare)	Gyle Genoso	Rodelee Uy	Completed	

Ms. Victoria explained that they perform additional or revision billings. But for underwriting, they prioritized cancellations and additions.

Mr. B. Go noted that this means reduced or delayed revenue collections and potential issues in receivables. Ms. Espallardo noted that members do not like to pay partially if they spot errors on the page.

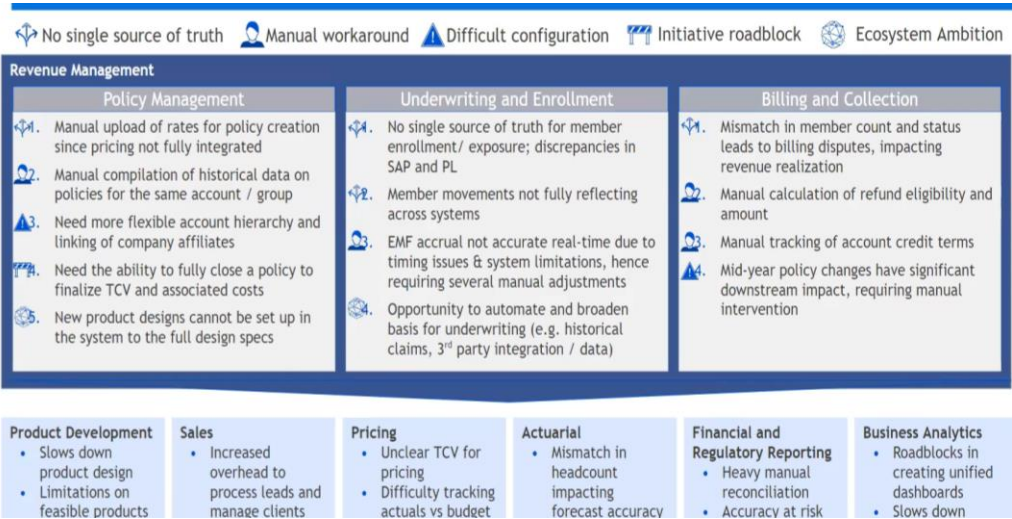
Mr. Cayetano discussed that the team had a pre-workshop activity where they gathered all the processes on the existing Maxicare systems and shared it to all of the vendors like, SAP, Salesforce, and DXC, as presented in the table below:



Thereafter, between 23 October to 17 November last year they made an internal assessment where they concluded and approved the CAPEX for MIS²³ last 22 November 2023.

The Oracle 1st High Level Workshop was conducted between November and December 2023, while the second phase of the workshop was done between January and February 2024, together with the presentation and read back to SMT and adjustments basically on the cost of the project.

Mr. Cayetano explained the pain point themes and particulars done with the Boston Consulting Group in relation to all of the issues which they have come across, as seen below:



Mr. Cayetano reported that in the previous TTC meeting, they got approval for MaxiLife to go on a full Oracle suite and this was currently being negotiated through JG Procurement.

²³ MIS: Maxicare Insurance Solution.

Commercial USD (5 Year TCO)	Requirement	Option 1 MAXIGROUP		Option 2 MAXIGROUP - Recommended	
Maxicare	Core Insurance System	DXC Cost (USD)		Oracle Cost (USD)	
	Finance and General Ledger	Oracle Cost (USD)		Oracle Cost (USD)	
	Subtotal (Maxicare)				
Maxilife	Core Insurance System	Oracle Cost (USD)		Oracle Cost (USD)	
	Finance and General Ledger	Oracle Cost (USD)		Oracle Cost (USD)	
	Subtotal (Maxilife)				
MHSI	Finance and General Ledger	Oracle Cost (USD)		Oracle Cost (USD)	
	Subtotal (MHSI)				
Custom Integration Cost	DXC Integration to Oracle				
OVERALL TOTAL (MAXIGROUP)					

There will be a POC²⁴ which would be done for Maxicare for both DXC and Oracle and the basis to be used was the pain points discussed with the Boston Consulting Group. Best efforts shall be done in limiting the scope of the POC within five (5). The DXC + SAP FICO option remains to be included as JG Procurement will try to negotiate the costs further for this option.

For insurance, they will proceed with Oracle, Maxilife and ERP. For Maxicare, POC will be done by DXC and Oracle using OHI and Fusion.

Mr. Argos explained that for MaxiLife, the total project cost for the recommended solutions for the full Oracle suite was below the budget of ` . They were able to get half of the expected cost, and JG Procurement would endeavor to further bring it down.

Mr. Cayetano reported that they were planning to come up with a decision even before the next TTC meeting on 16 April 2024. This will add to the project cost because they are basically running to financial systems for Maxicare.

He added that there should be a maximum level of oversight from the program managers who would be handling those involved in MaxiLife.

Mr. Argos suggested that they should probably do a per product migration and determine the biggest value or risk.

iv. *Financial and Sales Reports – Maxicare*

Financial Reports

Ms. Espallardo discussed that she will be reporting three (3) items:

1. February 2024 Financial Statements (“FS”);
2. 2023 FS Audit Update; and
3. Insurance Commission (“IC”) Net Worth Requirement / IC’s Letter to Maxicare.

²⁴ POC: Proof of Concept

Ms. Victoria reported that although business operations resulted in a Php 51.47 million net loss, this was lower than the budget projection of Php 94.83 million net loss.

The lower net loss was due to the favorable variances against the budget in Total Direct Cost by Php 114.20 million; Total Indirect Cost by Php 18.51 million and Other Income by Php 7.31 million or a total of P140.0 million, which exceeded the Php 82.95 million shortfall vis-à-vis budget in Net Revenue.

February 2023 showed better results with lower net loss by Php 63.56 million or 55.26% compared to February 2023, which incurred a Net Loss of Php 115.03 million due to the total of the favorable variances in Net Revenue and Other Income higher of P287.64M, exceeding the total unfavorable variances in Total Direct Cost of Php 203.32 million.

The Net Loss YTD²⁵ February was Php 40.47 million vis-à-vis Budget of Php 154.35M and vis-à-vis YTD February 2023 Net Loss Php 124.22 million

For the Budget, the YTD result was Php 113.88 million better than the budget; due to the favorable variances vs the budget in Total Direct Cost by Php 206.11 million, Total Indirect Cost by Php 74.13 million, and Other Income by Php 22.27 million or a total of Php 302.52 million, which exceeded the Php 152.91 million shortfall vs. the budget in Net Revenue.

In YTD February 2023, there were better results with lower net loss by Php 83.75 million or 67.42% compared to YTD February 2023 Net Loss of Php 124.22 million due to the combined favorable variances in Net Revenue and Other Income totaling Php 513 million exceeding the total unfavorable variances in Total Direct Cost and Total Indirect Expenses of Php 393.65 million.

The Total Assets increased by Php 4.95 Billion from 31 December 2023 (unaudited) mainly from the Php 6 billion increase in Trade and Other Receivables and a net decrease in Cash and Short-term Investments of Php 1.24 billion

The Total Liabilities increased by Php 4.99 billion from 31 December 2023 (unaudited) mainly from the Php 4.75 billion increase in Healthcare Plan Liabilities. The Net Worth decreased by Php 40.47 million from 31 December 2023 (unaudited), pertaining to the net loss for the first 2 months of 2024.

The ATR was at - .9453 (compliant to the .75 (temporary) minimum requirement while the Net Worth was at – Php 1.3 Billion.

The February 2024 Income Statements were reported as follows:

²⁵ YTD: Year to Date.

1. FEBRUARY 2024 INCOME STATEMENTS - FTM

(In Thousands)	FEBRUARY 2024 ACTUAL		FEBRUARY 2024 ORIGINAL BUDGET		VARIANCE		FEBRUARY 2023 ACTUAL		VARIANCE	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	(A)		(B)		C = A - B	D = C/B	(H)		I = A - H	J = I/H
EARNED MEMBERSHIP FEES	2,141,013	105.37%	2,289,410	108.25%	(148,397)	-6.48%	1,868,747	106.11%	272,266	14.57%
CORPORATE	2,018,463	99.34%	2,134,146	100.91%	(115,683)	-5.42%	1,759,467	99.91%	258,996	14.72%
INDIVIDUAL, FAMILY AND GROUP	67,351	3.31%	82,893	3.92%	(15,542)	-18.75%	52,324	2.97%	15,027	28.72%
PREPAID	32,324	1.59%	50,742	2.40%	(18,418)	-36.30%	29,902	1.70%	2,422	8.10%
RIDERS	22,875	1.13%	21,629	1.02%	1,246	5.76%	27,054	1.54%	(4,179)	-15.45%
EMF ADJUSTMENTS	7,726	0.38%	0	0.00%	7,726	100.00%	0	0.00%	7,726	100.00%
CLIENT EXPERIENCE REFUND (CER)	(4,184)	-0.21%	(6,767)	-0.32%	2,583	38.17%	(4,694)	-0.27%	510	10.87%
ADMINISTRATIVE SERVICES ONLY (ASO) INCOME	18,150	0.89%	20,346	0.96%	(2,196)	-10.79%	15,851	0.90%	2,299	14.51%
TOTAL REVENUE	2,162,705	106.43%	2,302,989	108.89%	(140,284)	-6.09%	1,879,904	106.75%	282,801	15.04%
COMMISSION EXPENSE TO BROKERS, AGENTS	130,740	6.43%	188,078	8.89%	(57,338)	-30.49%	118,792	6.75%	11,948	10.06%
NET REVENUE	2,031,965	100.00%	2,114,911	100.00%	(82,946)	-3.92%	1,761,112	100.00%	270,853	15.38%
MEDICAL UTILIZATION COST	1,863,353	91.70%	1,961,756	92.76%	(98,403)	-5.02%	1,691,687	96.06%	171,666	10.15%
ESTIMATED INCURRED CLAIMS AMOUNT (EICA)	1,572,531	77.39%	1,617,289	76.47%	(44,758)	-2.77%	1,456,490	82.70%	116,041	7.97%
HOSPITALS AND DOCTORS	552,163	27.17%	0	0.00%	0	0.00%	495,718	28.15%	56,445	186.20%
INCURRED BUT NOT YET REPORTED (IBNR)	1,020,368	50.22%	0	0.00%	0	0.00%	960,772	54.55%	59,596	-83.99%
RIDER COSTS	61,922	3.05%	65,324	3.09%	(3,402)	-5.21%	56,197	3.19%	5,725	10.19%
PCC RELATED EXPENSES	228,900	11.26%	279,143	13.20%	(50,243)	-18.00%	179,000	10.16%	49,900	27.88%
ENROLLMENT AND PROCESSING CHARGES	79,444	3.91%	95,244	4.50%	(15,800)	-16.59%	66,787	3.79%	12,657	18.95%
TOTAL DIRECT COST	1,942,797	95.61%	2,057,000	97.26%	(114,203)	-5.55%	1,758,474	99.85%	184,323	10.48%
CONTRIBUTION MARGIN	89,168	4.39%	57,911	2.74%	31,257	53.97%	2,638	0.15%	86,530	3280.00%
OPERATING EXPENSES	178,494	8.78%	194,716	9.21%	(16,222)	-8.33%	167,356	9.50%	11,138	6.66%
GENERAL AND ADMINISTRATIVE EXPENSES	128,039	6.30%	136,050	6.43%	(8,011)	-5.89%	122,260	6.94%	5,779	4.73%
SALES AND MARKETING EXPENSES	50,455	2.48%	58,666	2.77%	(8,211)	-16.08%	45,096	2.56%	5,359	11.88%
INDIRECT MEMBER AND LOA-RELATED	56,091	2.76%	67,020	3.17%	(10,929)	-16.31%	53,170	3.02%	2,921	5.49%
INDIRECT UM INITIATIVES	12,840	0.63%	4,200	0.20%	8,640	205.72%	7,900	0.45%	4,940	62.54%
TOTAL INDIRECT COST	247,425	12.18%	265,936	12.57%	(18,511)	-6.96%	228,426	12.97%	18,999	8.32%
INCOME (LOSS) FROM OPERATIONS	(158,257)	-7.79%	(208,025)	-9.84%	49,768	23.92%	(225,788)	-12.82%	67,531	29.91%
OTHER INCOME, net	88,902	4.38%	81,592	3.86%	7,310	8.96%	72,108	4.09%	16,794	23.29%
UTILIZATION DISCOUNT	67,404	3.32%	69,758	3.30%	(2,354)	-3.37%	56,832	3.23%	10,572	18.60%
INTEREST INCOME	17,620	0.87%	17,303	0.82%	317	1.83%	18,602	1.06%	(982)	-5.28%
OTHER INCOME (EXPENSE)	3,878	0.19%	(5,469)	-0.26%	9,347	170.90%	(3,326)	-0.19%	7,204	216.58%
INCOME (LOSS) BEFORE TAX	(69,355)	-3.41%	(126,433)	-5.98%	57,078	45.14%	(153,680)	-8.73%	84,325	54.87%
PROVISION FOR INCOME TAX	(17,888)	-0.88%	(31,608)	-1.49%	13,720	43.41%	(38,655)	-2.19%	20,767	53.72%
NET INCOME (LOSS)	(51,467)	-2.53%	(94,825)	-4.48%	43,358	45.72%	(115,025)	-6.53%	63,558	-55.26%

Ms. Victoria reported that the overall membership fees charged were much higher on a per capita basis than number of heads. Mr. Gokongwei instructed to send the average price of the same.

Ms. Espallardo pointed out that the most unusual items which she wished to emphasize was the IC letter:

Financial Report - IC Net Worth Requirement / IC's Letter to Maxicare

IC's Letter to Maxicare dated March 7, 2024; Received by Maxicare on March 11, 2024

SUBJECT: Analysis of the Interim Financial Statements as of 31 December 2023				"ANNEX A"	
Dear Ms. Argos:				MAXICARE HEALTHCARE CORPORATION COMPUTATION OF COMPLIANCE INTERIM FINANCIAL STATEMENT As of 31 December 2023	
This is to acknowledge receipt of your Company's Interim Financial Statements ("IFS") as of 31 December 2023, contents of which were duly noted.				A. NET WORTH REQUIREMENT:	
Results of the analysis of the above reports are shown below:				Total Assets P 16,570,823,123.43	
				Total Liabilities (15,226,594,606.94)	
				Total Stockholders' Equity/Net Worth P 1,344,228,516.49	
				Actual Paid-up Capital (2,000,000,000.00)	
				Excess (Deficiency) in Net Worth P (655,771,483.51)	
				B. ACID TEST RATIO:	
				Current Assets P 14,078,250,342.59	
				Current Liabilities P 15,147,923,922.85 = 0.93	
				C. RISK-BASED CAPITALIZATION	
				Actual Gross Membership Fee P 24,935,403,377.15	
				Maximum Risk on Membership Fee:	
				Paid-Up Capital P 2,000,000,000.00	
				Factor No Limit No Limit	
				Over Exposure None	
Relative thereto, the Company is required to cover up the deficiency in the Net Worth in the amount of P655,771,483.51 by infusing cash to be contributed proportionately by the stockholders of record within (30) days from receipt hereof and to submit the following documents upon cash infusion:					

Section 1.4 on network requirements under IC Circular Letter Number 2016-421 dated 29 July 2016 states that all HMOs must have a net worth which should not be less than the paid-up capital. If it was found that the net worth was less than the amount required, the same shall be fully covered in cash to be contributed proportionately by the stockholders on record within 30 days from receipt of the advice.

Ms. Espallardo further discussed that net worth should not be less than capital, but when they infused Php 1 billion in preferred shares, the preferred shares were considered as paid-up capital, and it increased the paid-up from Php 1 billion to Php 2 billion. Due to the current losses, the net worth was only Php 1.3 billion.

In their meeting with the IC Financial Investigation and Division, Mr. Argos narrated that it was discussed that in principle, Maxicare had already complied with the net worth requirement. In fact, this was only an error in accounting treatment. The IC advised Maxicare to give a timeline within which to resolve the accounting error. Maxicare would not be considered in breach, if it is able to provide the IC with a roadmap of correcting the error.

Ms. Espallardo stated that the IC suggested that the capital infusion should be in the form of APIC. Mr. Argos mentioned that based on their forecast and past performance, they would not need capital infusion and they do not expect to be in breach with the IC if they find the schedule and remedy acceptable.

Mr. Argos noted that the challenge is timing. Their auditor, SGV, was insisting that they want a document from IC stating that Maxicare is not in breach but the IC itself opined that the company is not in breach. The dilemma then was that SGV may give a qualified opinion.

Corporate Sales Report

Ms. Victoria reported on the sales performance for corporate and consumer business as follows:

- Corporate Sales Performance
 - 109.38% achievement
 - 16.45% growth from 2023
- Corporate Gain & Loss
 - Highest Gain *Etiqua* at 404 M
 - Highest Loss *Intellicare* at 382 M
 - Highest Net Gain *Etiqua* at 389 M
 - Highest Net Loss *Cocolife* at 251 M

	2024 Actual Performance (M)	2023 Actual Performance (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
New Business	676	813	-16.85%	-137	316	213.92%
Renewal Business	9,186	7,656	19.98%	1,530	8,700	105.59%
Corporate Total	9,862	8,469	16.45%	1,393	9,016	109.38%

For new business accounts for the first three (3) months, Maxicare was down by two percent (2%) in terms of the number of transitioned accounts. Membership was also down by almost fifty percent (50%):

New Business Jan - Feb 2024			
Particular	2024 Actual	2023 Actual	% Growth
Number of New Accounts			
Number of New Members of New Accounts			
Estimated Total Contract Value (TCV)			
Estimated premium per capita			

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

The estimated premium per capita increased by 65% this year. For renewable business, there was a decline in the number of renewed accounts.

Ms. Victoria reported on the major accounts closed and top renewed accounts for the month of February, respectively, as follows:

EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Previous Provider	CM	REASON FOR CLOSING
1-Jan-24		380	13,909		3%	
14-Jan-24		136	4,188		23%	
1-Jan-24		34	1,251		23%	
1-Jan-24		14	1,120		9%	
25-Jan-24		11	1,010		25%	
1-Jan-24		6	250		25%	
1-Jan-24		5	191		23%	
1-Jan-24		5	445		25%	
6-Feb-24	C	8	283		27%	
1-Feb-24		7	296		25%	
7-Feb-24		6	264		25%	
3-Feb-24		5	168		27%	

Additional from last Excom of NB accounts Php5M and above.

EFFECTIVE DATE	ACCOUNT NAME	INCREASE	LR	CM	2024 TCV WITHOUT VAT	HEADCOUNT
02/01/2024		10.00%	17.00%	13.00%	808,987,579.44	27,218
02/01/2024		31.00%	92.87%	18.00%	117,084,222.84	221
02/01/2024		41.00%	92.61%	18.00%	34,045,229.00	1,043
02/16/2024		15.00%	73.76%	23.00%	21,809,937.12	1,013
02/01/2024		47.00%	105.50%	18.00%	19,875,962.00	1,750
02/21/2024		ASO	ASO	12.80%	16,353,528.00	1,350
02/01/2024		0.00%	68.00%	21.00%	15,158,474.11	576
02/14/2024		17.00%	76.74%	22.00%	14,721,378.37	673
02/16/2024		15.00%	80.00%	17.00%	14,515,057.19	729
02/01/2024		19.00%	82.33%	17.00%	14,454,927.14	522
02/16/2024		6.00%	81.73%	18.00%	14,163,788.12	813
02/01/2024		0.00%	66.52%	20.00%	11,958,419.00	286
02/01/2024	1,000- NAF					
	10% - CHF		ASO	10.00%	11,919,139.29	738
02/15/2024		7.00%	60.00%	13.00%	10,426,153.06	303
TOTAL					PHP 1,125,473,794.68	37,235

Ms. Victoria noted that the LR for the account should be 71% and not 17⁰%.

She similarly reported on the major accounts which did not renew:

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	PHP 191,550,570.01
1-Jan-23					98.00%	18%	43%	3,220	PHP 89,396,962.08
1-Jan-23					118.00%	9%	42%	7,899	PHP 88,410,879.00
1-Jan-23					102.00%	16%	38%	4,600	PHP 87,805,976.89
1-Jan-23					109.00%	18%	51%	7,200	PHP 77,736,254.00
1-Jan-23					ASO	7%	ASO	1,618	PHP 41,105,435.44
1-Jan-23					ASO	20%	ASO	2,848	PHP 39,481,486.52
1-Jan-23					95.00%	15%	33%	1,613	PHP 35,054,187.35
1-Jan-23					92.00%	28%	39%	1,667	PHP 31,998,524.20
1-Jan-23					92.00%	17%	28%	1,494	PHP 26,534,041.73
18-Jan-23					94.00%	15%	28%	741	PHP 19,560,726.78
1-Jan-23					79.00%	19%	17%	484	PHP 15,621,086.24
1-Jan-23					110.00%	18%	55%	1,015	PHP 15,192,079.99
1-Jan-23					87.00%	17%	28%	856	PHP 12,019,856.00
18-Jan-23					76.00%	18%	3%	689	PHP 9,003,637.23
1-Feb-23					104.00%	16%	49%	1,663	PHP 27,681,384.82
16-Feb-23					162.00%	15%	113%	978	PHP 20,034,000.12
24-Feb-23					81.00%	18%	59%	1,786	PHP 13,251,119.82
1-Feb-23					ASO	13%	ASO	464	PHP 9,502,288.74
TOTAL								52,367	PHP 850,940,496.96

The Biggest DNR²⁶ was

As to gain, Ms. Victoria reported as follows:

Competitor	Competitive Gain # Headcount	Competitive Gain # of Account	Competitive Gain Total Contract Value	Competitive Loss # Headcount	Competitive Loss # of Account	Competitive Loss Total Contract Value	Net # of Headcount	Net # of Account	Net TCV	%
ETIQA	15,459	4	404 M	968	2	14 M	14,491	2	389 M	64.22%
VALUCARE	1,120	1	14 M	0	0	0 M	1,120	1	14 M	2.35%
FRESH ACCOUNTS	583	10	9 M	0	0	0 M	583	10	9 M	1.41%
MAXICARE	207	3	5 M	27	1	1 M	180	2	4 M	0.68%
PACIFIC CROSS	19	1	1 M	0	0	0 M	19	1	1 M	0.13%
SELF-ADMINISTERED	0	0	0 M	220	2	2 M	-220	-2	-2 M	-0.33%
PHILCARE	0	0	0 M	172	1	3 M	-172	-1	-3 M	-0.42%
FORTICARE	0	0	0 M	367	1	4 M	-367	-1	-4 M	-0.63%
EASTWEST	0	0	0 M	396	1	4 M	-396	-1	-4 M	-0.68%
LIFE AND HEALTH	0	0	0 M	1,612	1	7 M	-1,612	-1	-7 M	-1.23%
NONE	0	0	0 M	634	6	9 M	-634	-6	-9 M	-1.53%
HC&D	0	0	0 M	978	1	20 M	-978	-1	-20 M	-3.31%
OTHERS/DID NOT DISCLOSE	200	1	4 M	3,715	17	47 M	-3,515	-16	-44 M	-7.18%
ICARE	0	0	0 M	15,798	2	88 M	-15,798	-2	-88 M	-14.60%
GENERALI	0	0	0 M	8,031	3	90 M	-8,031	-3	-90 M	-14.86%
INSULAR LIFE	117	1	2 M	5,456	5	104 M	-5,339	-4	-102 M	-16.90%
INTELLICARE	7,020	11	203 M	28,339	5	382 M	-21,319	6	-179 M	-29.49%
MEDICARD	1,683	7	35 M	12,611	9	255 M	-10,928	-2	-219 M	-36.21%
COCOLIFE	0	0	0 M	15,214	9	251 M	-15,214	-9	-251 M	-41.43%
TOTAL	26,408	39	676 M	94,538	66	1282 M	-68,130	-27	-606 M	100.00%

She narrated that the highest gain was from Etiqa, while the biggest loss for January was Metrobank.

The gain and loss data were summarized as follows:

²⁶ DNR: Did Not Renew.

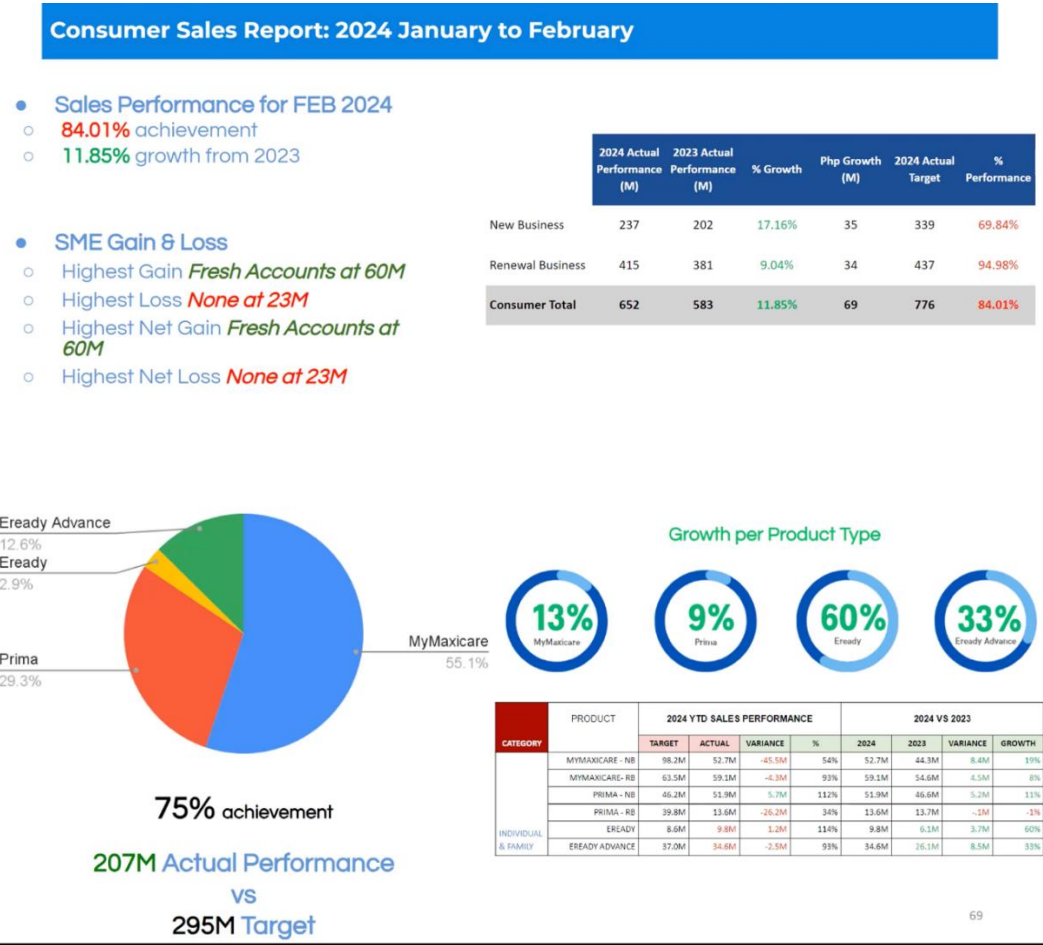
Highest Gain					
EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Previous Provider	CM
1-Jan-24		380	13,909		3%
25-Jan-24		11	1,010		25%
1-Feb-24		7	296		25%
15-Feb-24		3	244		25%

Highest Net/Loss					
EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Chosen Provider	LR
1-Jan-23		191	11,532		89%
18-Jan-23		19	741		94%
24-Feb-23		13	1,786		81%
1-Feb-23		9	464		ASO
27-Jan-23		5	250		100%
17-Feb-23		4	100		15%
1-Feb-23		3	136		79%
4-Feb-23		2	142		66%
14-Jan-23		1	63		57%

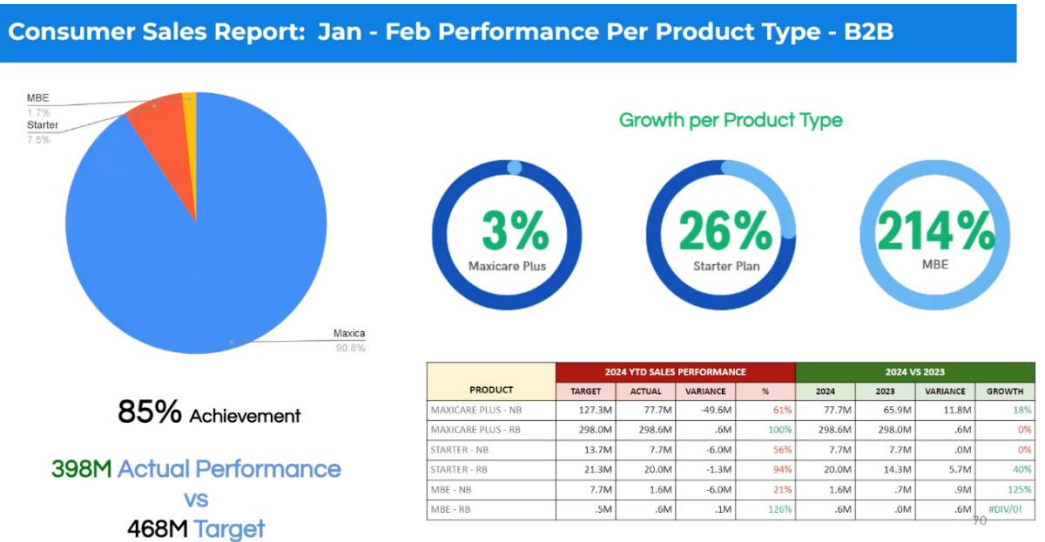
Highest Loss					
EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Chosen Provider	LR
1-Jan-23		300	24,485		N/A
1-Jan-23		35	1,613		95%
1-Jan-23		15	484		79%
20-Jan-23		2	94		101%
1-Feb-23		27	1,663		104.00%

Consumer Sales Report

As to the February sales performance for February 2024, the figures were:



Mr. A. Go raised a query as to whether Maxicare was profitable. Ms. Victoria answered that it was not for the first three (3) months.



As regards profitability of all boxed type products, Ms. Victoria presented the table below:

Summary of results from November'23 to February'24									
		Feb-24		Jan-24		Dec-23		Nov-23	
Products		Contribution Margin	Net Income	Contribution Margin	Net Income	Contribution Margin	Net Income	Contribution Margin	Net Income
B2B Products									
MAXIPLUS									
STARTER PLAN									
MBE									
Total B2B Products									
B2C Products									
MYMAXICARE									
EREADY - OR	New Rate Old Rate								
EREADY - ADV	New Rate Old Rate								
PRIMA	New Rate Old Rate								
Total B2C Products									
Grand Total									

Mr. Argos suggested to change the format of the table on profitability because it only presented the CM²⁷ and Net Income, but CM is a function of EMF which is relatively stable and MUC²⁸ which is a variable. The complete picture cannot be

²⁷ CM: Contribution Margin.
²⁸ MUC: Medical Utilization Cost.

shown without understanding also EMF direct cost and indirect cost. Mr. B. Go further suggested to have the year and date, as well as projection.

Mr. A. Go pointed out that usually, customers buy a card but they normally use it only for the first few months. If the report on profitability was done by month, it might not be accurate.

Mr. Gokongwei asked whether all the products were making money. As observed from the last six (6) months, Mr. Mark Macapagat (“Mr. Macapagat”) answered that Maxiplus and Maxicare have higher volume products and are relatively stable in terms of starter plan.

Ms. Victoria further pointed out that for the past six (6) months, they noted losses for EReady and did the first revision last December where they included the main driver of fiscal year 2023 utilization. It was explained that there was a prevalence of neoplasm movements, pneumonia, URTI and infectious gastro. They are doing a recomputation with a target CM²⁹ of 20%. They are also checking on whether the registration period may be extended.

Mr. A. Go asked how they made money in Prima. Mr. Argos explained that Prima was a different case as they believe that it makes money. There is a need to align Prima cost allocation.

Mr. Argos discussed that it was really EReady which was problematic. As previously mentioned, part of the product development was to transition this to an insurance type product.

Ms. Esther Go (“Ms. Go”) asked whether the cause of the unprofitability of Prima was because of over utilization. Mr. Argos answered that the at the end of the day, their theory would be cost allocation and timing issue.

Ms. Go opined that the overall utilization for Prima may be interpreted as excessive. With this, she suggested to have it capped instead of it being used in an unlimited manner.

Mr. B. Go pointed out that they need to see the full year so that the profit could be shown.

Mr. Argos recalled that when they started selling premarket, they stopped selling and the sales volume picked up in December, January, February and March. The trend differs. Mr. Argos further explained that they have corrected some of the high value tests that were being given that were not originally part of the cost so that has been taken out as well.

²⁹ CM: Contribution Margin.

As to price increase, Mr. Argos explained that they started selling on November, then by the full month of December.

Ms. Victoria also explained that they were doing utilization management initiatives. They are doing some multiple consultants and laboratories in succeeding ones. They also checked the drivers of the repeat availers and automated reports. Case management shall be embedded in the Prima product, and that will be in coordination with Acumen.

The Committee agreed that Prima was a great product, and the learning was that they just need a product manager for it. Mr. A. Go requested to have a specific timeline for the cost allocation for Prima.

v. Items for Approval

Ms. Victoria presented their request the approval for a payout for the license for Genesys, viz:

Maxicare						TBA
For Approval- Additional Budget						
Accrued in 2023: For Payout Only						
Direct Cost/Opex/Capex	Expenses Classification	Expense	Amount	Vendor	Department	Explanation/Justification/Recommendation
Capex	Systems	Genesys Implementation Cost	---	Trends & Technologies, Inc.	Operations Fulfillment/ Operations Transformation	2023 budgeted expense, but invoice was received on Dec 2023. Approval for Payout Only.
Indirect Member and LOA	System Repairs and Maintenance	Genesys License Overage for August to December 2023	---	Trends & Technologies, Inc.	Operations Fulfillment/ Operations Transformation	1. Budgeted license count is based on Ameyo concurrent licenses. However, Genesys definition of "concurrent count" is different so concurrent usage went over estimates. Definition of concurrent users: <ul style="list-style-type: none">Ameyo - No. of concurrent calls (voice agents only)Genesys - No. of concurrent logins (voice agents, supervisors, admins, QA, etc) 2. Additional licenses incurred for outbound calls (non voice, care coordinators, animal bite agents) for initiatives like PCC/PCN, Animal Bite redirection and steerage. Previous users assumption did not include non voice. 3. Genesys outbound dialer was not available in Ameyo.
Total			---			Approval for Payout Only. 101

It was explained that this was payout for 2020, and these have already been budgeted for 2024.

By way of conclusion, it was declared the payout for Genesys license has been approved.

V. OTHER MATTERS

There were no other matters discussed.

VI. ADJOURNMENT

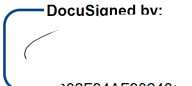
There being no other matters discussed and upon motion duly seconded, the meeting was adjourned.

Prepared by:


ATTY. DANNY E. BUNYI
Corporate Secretary


Attested by:


ANTONIO L. GO


CHRISTIAN S. ARGOS


LANCE Y. GOKONGWEI


BRIAN M. GO


ESTHER WILEEN S. GO