

## MAXICARE HEALTHCARE CORPORATION

### MINUTES OF THE EXECUTIVE COMMITTEE MEETING

Boardroom, Maxicare Tower  
203 Salcedo Street, Legaspi Village, Makati City<sup>1</sup>  
17 April 2024, 8:00 A.M.

PRESENT:	ALSO PRESENT:
ANTONIO L. GO LANCE Y. GOKONGWEI CHRISTIAN S. ARGOS BRIAN M. GO ESTHER WILEEN S. GO	ROBERTO M. MACASAET, JR. MIKE LIWANAG RENE J. BUENAVENTURA BACH JOHANN SEBASTIAN MARIA TERESITA A. ESPALLARDO JASPER HENDRIK T. CHENG RODELEE UY GULLY GO JOE MERRITO P. BUOT FIONA MARIE L. VICTORIA JOSEPHINE LOPEZ JOSE PASTOR Z. PUNO KEISHA KIBANOFF MAFFY BATUNGBACAL ELIZABETH KRISTINE GREGORIO NEDINO LESTER CAYETANO VINCE BRAGA MARK NOEL MACAPAGAT KURLEIGH GACUTAN ATTY. ALEXANDER ERESE ALEN ROIE TATCO ATTY. KYLE BOLLOZOS ATTY. JOANNE CO- PUA MARIA FE AGNES BATUNGBACAL LAURENZ DALANGIN KAREN NINA ALMONTE IVAN LALUCIS JUN MARASIGAN 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

<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. A. 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 20 March 2024.

## **IV. Reports**

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

#### **Organizational Transformation**

##### *Project*

Mr. Christian S. Argos (“**Mr. Argos**”) and Mr. Gully Go (“**Mr. G. Go**”) presented the updates on the Organizational Transformation (Initiatives 7, 8, and 9), more particularly:

1. Priority N-1<sup>2</sup> Roles Placement
2. Priority Organization Structures until N-2<sup>3</sup>
3. Update on the Change Plan

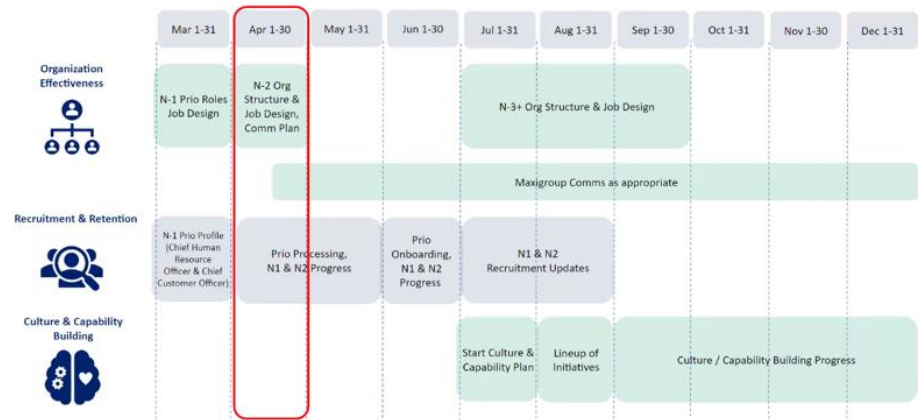
Mr. Argos presented the timeline for the organization transformation:

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<sup>2</sup> N-1: C-suite employees; directly reporting to the CEO.

<sup>3</sup> N-2: Employees directly reporting to C-suite.

Ongoing placement of N-1s (prio: CHRO, CCO) and draft of initial org structures until N-2 for alignment later on with N-1s



Mr. Argos noted that for the month of April, there were two focuses: (1) the N-2 organizational structure; and (2) finalizing the roles in N-1. The significant progress herein was the progression toward recruitment for the key positions in N-1 and N-2.

Mr. Argos presented the twelve (12) key positions in N-1:

Project      ∴ Status of N-1's				
#	N-1 Role	N-1 Name	Sourcing Status	N-2 Structure
1	Chief Human Resource Officer			
2	Chief Customer Officer			
3	Chief Audit Officer			
4	Chief Finance Officer			
5	Chief Compliance and Legal Officer			
6	Business Unit Head (B2B)			
7	Business Unit Head (B2C)			
8	Chief Technology Officer			
9	Chief Strategy Officer			
10	Chief Health Network Management			
11	Chief Operating Officer			
12	MHSI Business Unit Head			

The top two positions in the N-1 organization are the Chief Human Resource Officer (“CHRO”) and the Chief Customer Officer (“CCO”). Recently, upon posting the job vacancy online, it yielded positive results and received numerous applications. There were around                      applicants for the CHRO position and                      of the candidates came from within the Maxicare Group who signified their interest for the position. Meanwhile, for the CCO position, there were around                      applicants.

Mr. Argos discussed that the onboarding of a CHRO and CCO soon would complement the N-1 roles which are the: Chief Strategy Officer, Chief Health Network Management, Chief Operating Officer, and the Maxicare Health Service, Inc. (“MHSI”) Business Unit Head. He also pointed out that the office under the Chief Technology Officer (“CTO”) would require further re-evaluation as this is an important role in the implementation of the Maxicare Insurance System (“MIS”) project. Mr. A. Go explained that in reviewing the key positions per department, one of the main considerations should be the objective or end goal of the department. For the Information Technology (“IT”) side, he expects fully automated reports. Mr. Argos agreed on the importance of the CTO and IT as it would partner with the business processors.

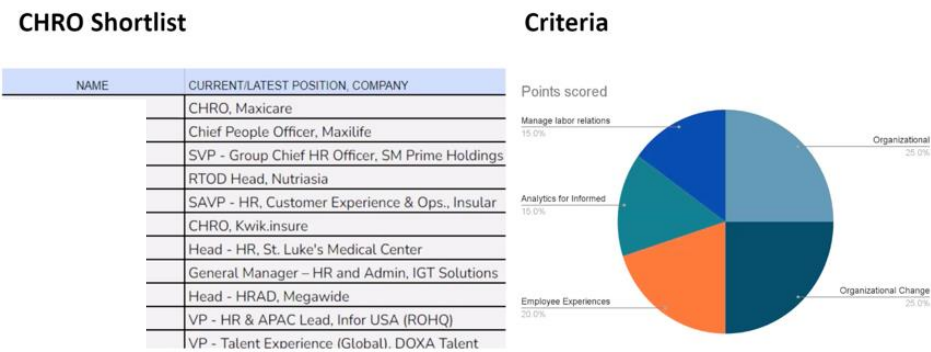
Chief Human Resource Officer

For the CHRO position, there were three main criteria for hiring: (i) organizational capability (people, leadership, and culture); (ii) human resource (“HR”) service delivery; and (iii) HR Business Partnering. The criteria for the CHRO position matched the organizational chart of the HR department.

Mr. G. Go discussed that there were around                      individuals within the MaxiGroup who have these skills but bringing in a new CHRO would direct the HR department for improvement. He explained there is a need to improve the retention and incentives of the employees.

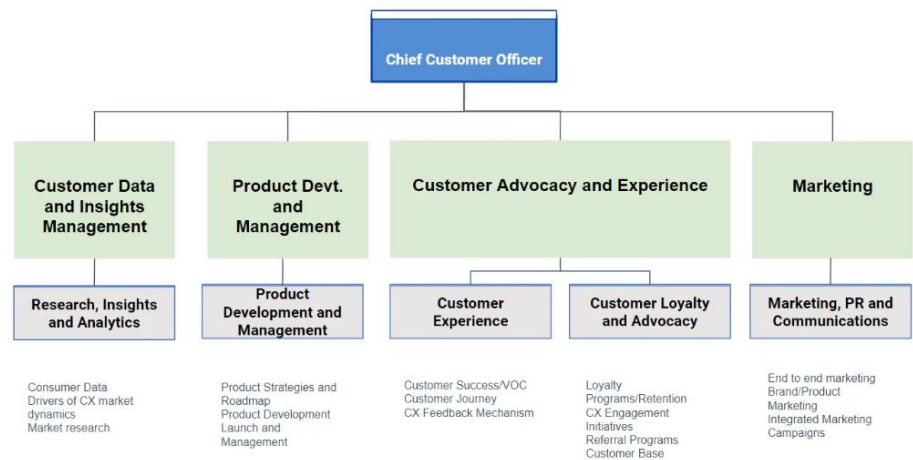
Mr. A.Go noted that it would be acceptable to train the people in the company to have quality workers and he mentioned that it is normal that there would be turnovers in a company.

Mr. Argos presented the shortlist of the CHRO candidates as of date:



He noted that it would be ideal that the CHRO position be filled by May but nonetheless, upon hiring, there should be consideration on the turnover period in their current respective employment and looking out for any non-compete commitment of these candidates.

Chief Customer Officer

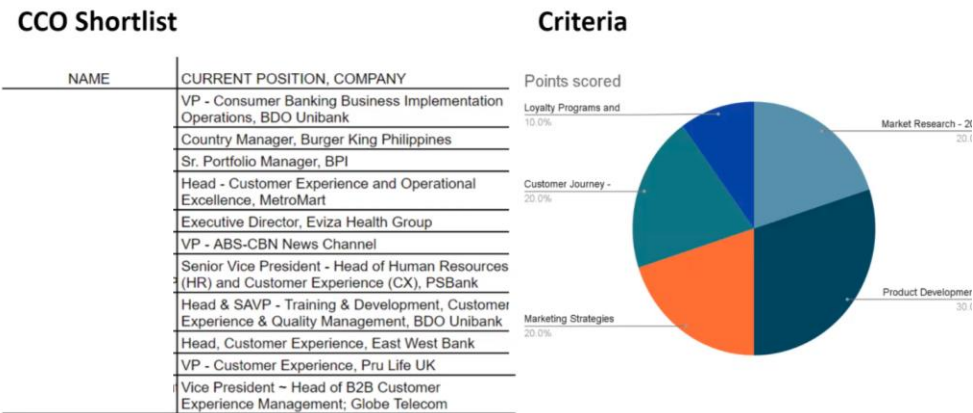


The following are the four main skill criteria in selecting a CCO: (i) Customer Data and Insights Management; (ii) Product Development and Management; (iii) Customer Advocacy and Experience; and (iv) Marketing. The enumerated criteria are relevant in creating a well-thought-out product considering all factors of product development from its inception. The CCO shall be able to develop a product based on empirical data with the influence of customer experience. The marketing aspect should be able to give Maxicare the capability to communicate our value proposition and engage our members externally.

Mr. Brian M. Go (“**Mr. B. Go**”) clarified whether the position created is a permanent structure and final state. According to Mr. G. Go, this may still be revisited depending on the performance of the department. In hiring, Mr. Argos suggested looking for candidates in banks considering their track record. Nonetheless, Mr. Argos emphasized that the CCO shall focus on the customer journey and make sure that upon developing a product there is a roadmap that should match the customer journey. Mr. A. Go noted that the customer journey is like a fashion trend as it is susceptible to change. The department under the CCO would create accountability towards its product to ensure that said product would remain profitable.

Mr. B. Go asked whether the operational expense for the increase of manpower under the HR department was being tracked. Mr. Argos explained that the incremental cost was very minimal for both the office under the CCO and CHRO. While Mr. Argos could not provide the actual figures in pesos, he discussed that the cost was computed and the manpower budget of Maxicare and MHSI can cover these changes.

Mr. G. Go stated that by May, their team hoped they would be able to send the other roles or positions in the other departments, such as Finance. Mr. Argos then presented the shortlist for the CCO position, as seen below:



Mr. Argos and Mr. G. Go also mentioned a referred IT candidate with a good background as she previously worked for IBM and who currently worked in MediCard. Mr. Argos noted that he would want to introduce this candidate to the Committee to properly determine if she would be fit for the role. He said that the Corporation would be better in adjudging and matching candidates with the role because this started with the requirements and the criteria of the role, the competencies, and what to look out for in these individuals, as opposed to focusing on an individual and figure out who is fit.

Change Plan

Mr. Argos then proceeded to discuss the Change Plan. He presented that there will be groupwide townhall meetings, learning sessions, and localized committees to manage the change aligned with the OGSM organizational transformation.



# One Maxigroup for our Customer

## Key Messages

Why are we changing?	Our Maxi customers' needs are changing: more proactive in taking care of their loved ones and looking after their own wellness.
What should be our approach?	We are customer-centric, creating a satisfactory and efficient experience for our customers and colleagues. #maxigaling
How do we work together? (Organization)	We think and act as one Maxigroup to serve our customers by bridging our products and working collaboratively through partners, processes, and people.
What's expected of me? (Individual)	<p>#maxigaling</p> <ul style="list-style-type: none"><li>○ We are the trusted expert.</li><li>○ We advocate for holistic healthcare.</li><li>○ We tailor to your needs and budgets.</li><li>○ We make it convenient and seamless.</li></ul>

There will be a reframing of the way the change plan was being communicated. In the previous year, the Company made a mistake by focusing solely on organizational transformation, which was a one-way message. Although it allowed for feedback, it was found that it was impossible to address all questions and concerns in that format. Therefore, this time, the combined Senior Management Team (“SMT”) was taking a different approach. The combined SMT would conduct learning and training sessions across the MaxiGroup companies to explain the reasons behind this project and convey other key messages. These sessions will start in April, aimed to address any concerns about job security and other negative aspects, while framing the change as a positive development and providing reassurance. Additionally, this approach will offer individuals the chance to express their interest in potential new roles within the organization.

Mr. B. Go inquired whether the combined SMT would conduct such sessions for all three (3) companies. Mr. Argos responded that their team was trying to organize the proper approach and define an executive leadership team for MaxiGroup and collapse SMT meetings. However, the change plan reframing was different. The revision of the change plan was about the reframing of communicating the plan, thus, this was more of an audience plan.

Mr. Argos reported that overall, Project \_\_\_\_\_ was moving slightly ahead of time and he likewise commended the team. However, the SMT needed to make some adjustments due to recent events. Specifically, the Corporation needed to address the situation with MaxiLife. A key person at MaxiLife confirmed via email and a virtual meeting on 16 April 2024 that he would submit his resignation. This will occur within five (5) days following his medical leave. Thus, there was a need to make the necessary adjustments. Mr. A. Go pointed

out that it was essential to find a replacement since the position would play an important role in the execution of MIS and the organizational transformation.<sup>4</sup>

Mr. A. Go confirmed with Mr. Argos if the health habits of the candidates were considered taking into account the key position of the role, like cigarette smoking and alcohol drinking habits. Mr. Argos confirmed that this was taken into consideration.

**Initiative 2: Expanding Primary Care Clinic (“PCC”) Coverage**

Ms. Josephine Lopez (“**Ms. Lopez**”), presented the updates on the expansion of the PCC coverage. She reported on the following subtopics in relation to such:

- 1. 15 new PCCs will completed by the third Quarter
- 2. Game plan on how to generate more nurses and tech
- 3. Non-Financial Metrics

**PCC locations**

Ms. Lopez presented the 15 new PCCs that the Company has committed to open. It is targeted that 14 out of the 15 locations would be completed by 30 September. The only exception was the \_\_\_\_\_ site.

				2024 Implementation Date					
Area	Site	Stage		Apr	May	Jun	Jul	Aug	Sep
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									

She mentioned those PCCs near completion:

- i. The PCC in \_\_\_\_\_ would be open by \_\_\_\_\_
- ii. The PCC in the \_\_\_\_\_ site would be open by \_\_\_\_\_
- iii. The PCC in \_\_\_\_\_ by \_\_\_\_\_

Mr. A. Go asked whether clients can already go to \_\_\_\_\_ by 20 April. Ms. Lopez clarified that the PCC would not be operational but structurally, the PCC

<sup>4</sup> Maxicare Insurance System



would already established and the laboratories in the PCC are ready and have already procured their licenses and permits from the DOH. She clarified that these "laboratories" are not done in the PCCs as it is not the laboratory testing or processor center. It is the permit for the PCCs medical technicians to handle the specimens and process it for testing. Mr. B. Go clarified it that it is a compliance issue.

Ms. Lopez then mentioned that there will be an extension that would open in mid-May.

She similarly shared her ocular observations with regard to the possible site in the area in last week. The space being offered was not a conducive spot for a clinic since the clinic would be open before the opening of the mall and it was on the third floor of the mall building. The most conducive area would be the outside or the extension of the mall facing ; however there was no available spot in the said mall.

An alternative to the area in the area was , which is an area located on the ground floor.

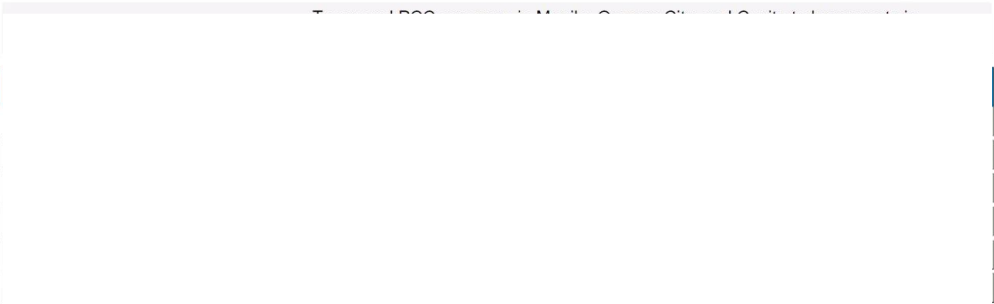
She next discussed the possible site which was in the I . She described that the mall was relatively new mall and was thus comparatively nice. While the offered area on the third floor would be an accessible spot, there was an issue with the proximity of the mall exhaust fans in the offered spot. There was another spot that the team was eyeing inside the mall and it was on the ground floor. However, she noted that this was reserved for Mr. Lance Gokongwei ("Mr. Gokongwei") asked for the details of the matter.

Mr. Argos had gathered common feedback from the meeting with the HR personnel which was that clinics in the mall were not as accessible since the mall was not yet open. Mr. A. Go summed up the common concerns with sites within the malls which are accessibility and capability to operate 24/7. He compared it to the 24-hour fitness gyms such as Anytime Fitness or Fitness First and also the Mercury Drug pharmacy in the Shangri-La mall. Thus, the Committee had concluded that a 24/7 operation in a mall was doable.

Mr. Argos then opened up the idea to consider other I like commercial and residential buildings. He also discussed that the return on investments in opening a site in a residential area was relatively higher

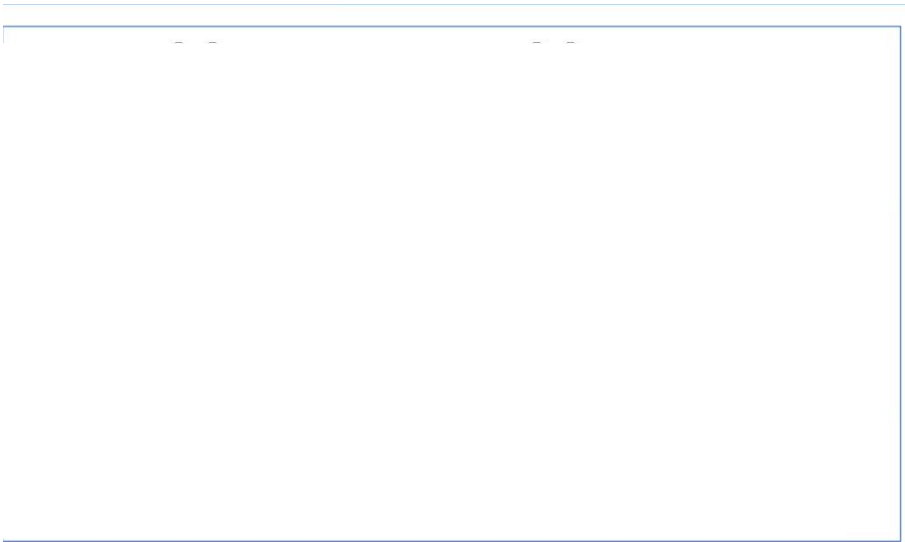
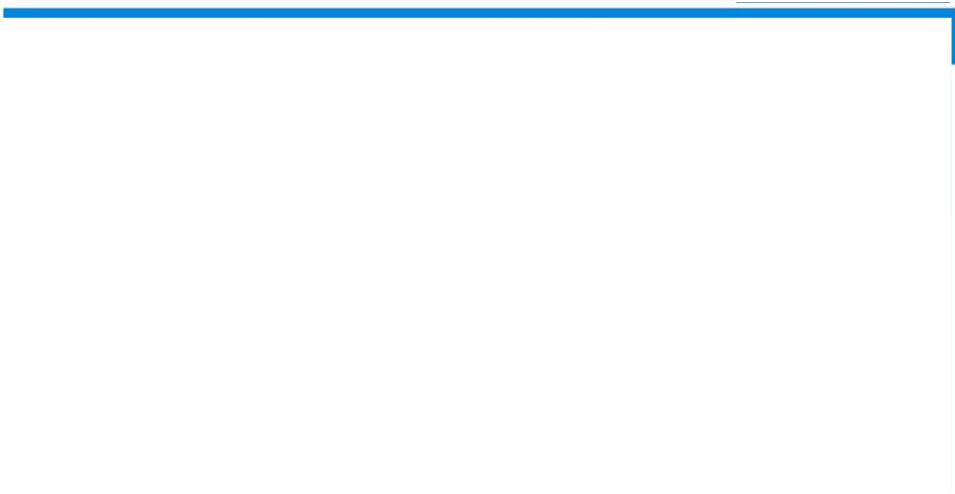
Ms. Lopez then presented the six (6) locations which were for approval:

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In Metro Manila, plans were underway to open clinics at three (3) different locations.

*First proposed site:*



The first new location is in \_\_\_\_\_ at \_\_\_\_\_ . The nearby establishments are \_\_\_\_\_ which is 1 kilometer away, \_\_\_\_\_ , and various banks. This location was the closest the team could find to \_\_\_\_\_ . It was considerably peaceful due to the security around because of the banks in the vicinity. The plan for the clinic would be \_\_\_\_\_ .

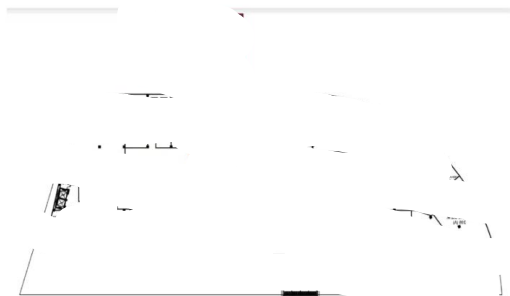
Mr. A. Go suggested installing an \_\_\_\_\_ for this proposed \_\_\_\_\_ PCC. However, according to Ms. Lopez, the space was too limited to allow installation of an elevator but she would check with the property management administration whether they can install an elevator outside the clinic.

Mr. B. Go asked whether there was a template floor layout for the \_\_\_\_\_ PCC. Ms. Lopez confirmed that the layout has the same style as the Baguio PCC.

Mr. A. Go pointed out that there was ample space for parking and suggested that if it was possible to convert the parking space to an additional area for the clinic in order to maximize the space. According to Mr. A. Go, considering that it was a small building, it would not require that much parking space. However, Ms. Lopez explained there was no designation of parking lots to the commercial tenants, it was on a “first-come, first-serve” basis. Mr. Gokongwei discussed that there should be an ample of space for the waiting area. Ms. Lopez mentioned that her team would look into the expiration of the lease contracts of the other tenants to check as to whether Maxicare can occupy the entire building to have a bigger PCC therefore, allowing a bigger waiting area.

*Second proposed site: .*

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The location was considered as it is near to [redacted] and [redacted] patients. As an initial impression, the area was not commuter-friendly as public transportation like jeeps rarely passed by. Nevertheless, Maxicare can offer a [redacted] van from the [redacted] to [redacted] for the clinic. The offered location in the F [redacted] is near the [redacted], and the [redacted] said that they would allow the clients to use the elevator to access the second floor where the proposed PCC would be located. Based on the foregoing, the [redacted] is accessible and handicapped-friendly.

The other location considered within the area was in [redacted]. However, the surface floor was not flat and during the rainy season the area is prone to flooding.

Mr. A. Go agreed that the location and facilities offered are good however he expressed his concern about how the location would be accessible via shuttle.

*Third proposed site:* [redacted]

The nearby establishment is the [redacted] nearest PCC is 5.3 kilometers away which is located at [redacted] is in the [redacted] area.

The other [redacted]  
The location [redacted]

Thereafter, Ms. Lopez proceeded to present the two (2) proposed locations in

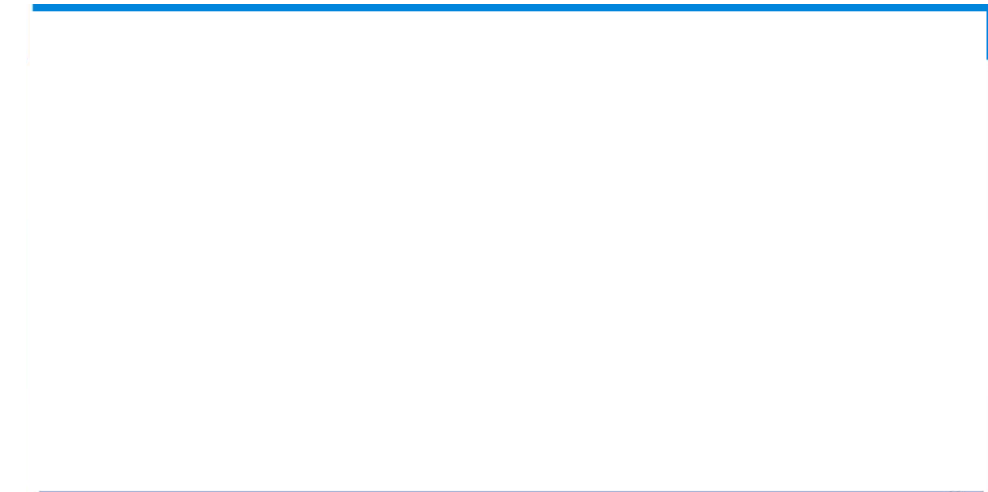
*Fourth proposed site:*

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In , the initial considered location was in Level 1, however, the Level 2 of the mall is actually the street level floor which is along . Thus, this would be the final location. The entrance of the proposed PCC would be right across . The parking would not be an issue since it is a mall building. The team of Ms. Lopez had confirmed with the property management of the building that the area can withstand two tons of weight which would be the total weight of the structures and equipment that would be installed for the PCC. The turnover would be on . The target time to finish the construction would be by

Ms. Lopez confirmed that in constructing these PCCs there was already a standard construction model and they have regular contractors that were knowledgeable with the needed structures for a Maxicare PCC.

*Fifth proposed site:*



The area is in a corporate building housing the [redacted]. The space for the proposed PCC was originally for a [redacted]. The same building houses a branch of [redacted], which can be a target market.

Mr. A. Go inquired if the [redacted] is a client of Maxicare. Ms. Fiona Marie L. Victoria (“**Ms. Victoria**”) confirmed that the [redacted] was a client with members, including the dependents of the employees/members.

Game Plan to Generate More Nurses and Technicians

Game Plan on How to Generate More Nurses and Technicians (UTZ and 2D Echo)

Based on Ms. Lopez’s presentation, a way to generate more nurses and technicians for the PCCs was [redacted]. The team was targeting to have [redacted]. The current partner school of Maxicare is [redacted].

Another suggestion would be holding an [redacted] for students during their [redacted] year in college. Ms. Lopez proposed that the students [redacted].

would  
would just be around

The

Maxicare PCCs are likewise holding . As part of the  
sponsorship, Maxicare will provide the for that  
(This excludes food and allowances). Maxicare would give their  
conditions first to prior to sponsoring. Maxicare  
also has tie ups with dormitories in

Ms. Lopez presented the universities that Maxicare established a partnership  
with:

After graduation, the students would review for their respective board licensure  
examinations and the review centers would cost around to  
Maxicare would screen the students who would

Overall, Maxicare PCCs had done and were still  
scheduled to do on-the-job trainings.

Ms. Lopez presented the Maxicare PCC would offer for these students  
to prefer Maxicare PCC over a hospital. These were and  
Maxicare would enroll the qualified candidates in  
and and Maxicare hired trainers to do  
the trainings. A more compelling incentive is if Maxicare would be a

Mr. Gokongwei mentioned that the number of current manpower in these PCCs  
would entail doubling the number of clinics within the year. Ms. Lopez  
confirmed that there were around 700 nurses and around 250 doctors overall.  
Thus, Mr. Gokongwei pointed out that this means within the year Maxicare  
should be able to acquire 700 more nurses.

Mr. Gokongwei asked for detailed plan in supplying the manpower and resources needed to operate these new PCCs. He similarly requested that a report on this be presented next month. Ms. Lopez pointed out that the number of graduates presented in the partner schools. Nevertheless, Mr. Gokongwei reiterated the requested report considering that there were other hospitals who are recruiting for health professionals.

The directors discussed that considering that within six (6) months there would be a number of PCCs that would be built, there will be a considerable number of nurses and manpower that would be needed to operate these clinics. Mr. Argos discussed that labor shortage drives up costs.

Medical Operations: Non-financial Metrics

Ms. Lopez presented the Customer Satisfaction rating (“CSAT”). This meant that of Maxicare customers were happy and satisfied. The SFTP uploading of results meant the average uploading time lagged before the radiologist would have access to the X-ray or Heart-ECG. The average time was

ii. Initiative 5 and 6: Maxigroup Insurance System and Top IT initiatives





Mr. Nedino Cayetano (“**Mr. Cayetano**”), the Chief Technology Officer of Maxicare, discussed the MIS<sup>6</sup> and Top IT initiatives.

He narrated that 17 April 2024 was the first day of Oracle POC<sup>7</sup>. Mr. Cayetano would be meeting with the oracle team as they execute the POC, the procurement, and negotiation. Mr. Cayetano discussed the next steps for MaxiLife.

Mr. Gokongwei clarified why MaxiLife was dealt not at the same time as Maxicare. Mr. Argos explained that currently, MaxiLife has an existing provider, DXC. When Oracle made an offer, they provided a combined quoted contract price for both Maxicare and MaxiLife. Maxicare then gave a ceiling price wherein the suppliers cannot go above such price. According to Mr. Cayetano, Oracle was asking for an inflation price adjustment of \_\_\_\_\_ which was not approved.

The next steps would be the mapping of the outputs of the POC. The functional requirements were clearly defined for both MaxiLife and Maxicare. Mr. Cayetano’s team would proceed with the legal review and the mobilization of the consignor forum alongside Maxicare. The recommendation and decision would be done by the end of April.

Mr. Argos inquired as to the last instruction of the Board regarding this. According to Mr. Cayetano, MaxiLife was already given the permission to proceed. However, Maxicare needed to undergo the POC for both DXC and Oracle before a decision can be made.

On 29 April 2024, there will be a Technology Transfer Committee meeting to arrive at a decision on the matter.

The resolution for all of the unique issues was that it constitutes disparities on the data management information of Maxicare. There are \_\_\_\_\_ unique issues out of \_\_\_\_\_ issues received on a daily basis. The intention was to solve all of these \_\_\_\_\_ unique issues so that it would not add into the current discrepancies recorded in Maxicare’s records.

Thereafter, in one swoop, the discrepancies between period 1 and period 2 should be fixed. Next was to address most of the appearing disparities. This was needed to have a clean record when Maxicare shifts to the MIS system.

Mr. Cayetano narrated that on the night of 16 April 2024, there was an urgent firewall issue. It was global attack under Palo Alto involving their PAN OS or their operating system. Thus, the firewalls were reset. Mr. Cayetano’s team was able to resolve the issue at 1:00 A.M.

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<sup>6</sup> Maxicare Insurance Systems

<sup>7</sup> Proof of Concept

Other companies were forced to shut down their network but for Maxicare’s case it didn’t go as bad. Mr. Cayetano’s team was able to basically mitigate the situation and the issue of operations. In response to Mr. A. Go’s question, Mr. Cayetano confirmed that there is a secondary and back-up firewall. The secondary firewall was used while Mr. Cayetano’s team was addressing the firewall issue. The operations were back to normal and the outage only lasted for two minutes.

iii. Finance Report

Ms. Maria Teresita Espallardo (“**Ms. Espallardo**”), the Chief Finance Officer, reported on the 2023 Audited Financial Statements (“**AFS**”) of Maxicare.

**Insurance Commission Net Worth Equity Requirement**

Before presenting the 2023 AFS, an update on the Insurance Commission's (“**IC**”) net worth requirement was made. She mentioned that there was a recent development regarding this issue, and the problems related to the net worth deficiency have been resolved. This resolution would impact the 2023 FS.

There were two actions taken to resolve Maxicare’s net worth deficiency of  
∴ (i) property appraisal; and (ii) amendment in the preferred shares subscription agreement.

The property appraisal, yielded almost \_\_\_\_\_ however, the entire value was not enough to increase the net worth of Maxicare due to a DPA assumption. Thus, only I \_\_\_\_\_ was added in the net worth from this property appraisal. Considering that it was short of \_\_\_\_\_, the Finance team suggested to amend the preferred share subscription agreement. Mr. A. Go inquired about the impact of the amendment. The members of the committee assured that the amendment would create no impact to the shareholders.

	Original	Amendment	Purpose
No. of Preferred Shares Subscribed	(i.e., paid up preferred share capital of P1 Billion and nil APIC)	(i.e., paid up preferred share capital of P650 Million plus P150 Million APIC)	To reduce the paid up preferred share capital by _____ which will result in the reduction of the net worth requirement of the Insurance Commission by the same amount.
Description of Pin-An Investment	T1. Investment of Pin-An was referred to as Total Subscription Price.	T1. Investment of Pin-An is being referred to as the Total Issue Price.	To clarify that the redemption value of the _____ of Pin-An is equivalent to issue price of _____ instead of the amended paid up preferred share capital. Note that the redemption value of preferred shares based on the Articles of Incorporation is based on issue price.
Non-Impairment Clause	N/A	Included a provision on non-impairment of economic and other preferential rights of Pin-An.	To ensure that the amendment in the Subscription Agreement will not affect all the economic benefits and other preferential rights of Pin-An under the original Subscription Agreement.

Ms. Espallardo discussed that there were two types of property appraised: (i) ordinary property; and (ii) investment property. The investment properties are those properties that Maxicare owns to lease out to lessees.

Mr. A. Go asked which property was appraised. According to Ms. Espallardo, it was the Algo property and an area in the first floor of Maxicare Tower which Banco De Oro was currently renting and occupying.

Mr. Rene J. Buenaventura (“**Mr. Buenaventura**”) inquired whether there was a need to write IC that Maxicare already complied with the net worth requirement in order to report the steps made. According to Ms. Espallardo, as discussed with IC, there was no need to send a letter to their office anymore and IC would just evaluate Maxicare based on its AFS.

**2023 Audited Financial Statements**

Ms. Espallardo then proceeded with the presentation of the AFS.

*Income Statements*

**Statements of Income**

(In Thousands)	December 31, 2023 (Audited)	December 31, 2022 (Restated)	Amount	Movement	%
<b>REVENUE</b>					
Membership fees from medical plans – net					
Administrative services only and network access fees					
<b>COST AND EXPENSES</b>					
Healthcare benefits, claims and commissions					
General and administrative expenses					
Selling and marketing expenses					
<b>OTHER INCOME (EXPENSE)</b>					
Interest income					
Interest expense					
Others – net					
<b>LOSS BEFORE SHARE IN NET LOSS OF ASSOCIATES</b>					
SHARE IN NET LOSS OF ASSOCIATES					
<b>LOSS BEFORE INCOME TAX</b>					
INCOME TAX BENEFIT					
<b>NET LOSS</b>					

According to Ms. Espallardo, the amounts being presented would be the final amount that would be filed with the Bureau of Internal Revenue. For the year 2023, there was a net loss of 1.

Mr. A. Go asked for the expected net loss or income for the year 2024. Ms. Espallardo said that the budget for 2024 was a net income of 7. He further inquired whether there was an impact with the income due to the property adjustment. Ms. Espallardo explained that the property appraisal did not increase Maxicare’s cash but it only adjusted the net worth to make Maxicare compliant with IC net worth mandate and it was only a balance sheet value that was adjusted.

Due to time constraints she just quickly went over the AFS. Mr. Gokongwei pointed out the booking of the deferred tax assets which would only be valid until 2025 and which was supposed to protect net income. Ms. Espallardo mentioned that in order to maximize the deferred tax asset from NOLCO<sup>8</sup>, Maxicare has to generate an aggregated net income of 7 in 2024 and 2025.

<sup>8</sup> NOLCO: Net Operation Loss Carry Over

Income Statement for the month of March 2024

MARCH 2024 INCOME STATEMENTS - FTM

(In Thousands)	MARCH 2024		MARCH 2024		VARIANCE		MARCH 2023		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										
Administrative Services Only (ASO) Income										
Total Revenue										
Commission Expense to Brokers and Agents										
Net Revenue										
Medical Utilization Cost										
Estimated Incurred Claims Amount										
Hospital 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 LHA Initiatives										
Total Indirect Cost										
Loss from Operations										
Other Income, net										
Unlabeled Discount										
Interest Income										
Other Income (Expense)										
Income (Loss) Before Tax										
Provision For Income Tax (Income Tax Benefit)										
Net Income (Loss)										

For the March 2024 financial statement, the trend mirrored that of the January 2024 and February 2024 statements. The significant contributions to the good bottom line emerged after factoring in revenue items. This included the total direct costs, indirect costs, and other income. These favorable variances together surpassed the shortfall in revenue.

For the month of March, from a forecast of \_\_\_\_\_ loss, the actual income totalled \_\_\_\_\_

In January 2024, the Finance Team budgeted a loss of \_\_\_\_\_ but Maxicare yielded a revenue of \_\_\_\_\_. Effectively, this was \_\_\_\_\_ due to the deferred expenses.

Mr. Gokongwei inquired about the expected account renewals and income in the coming months. Ms. Vicotria mentioned that there would one on 01 September, which was Accenture and this account was expected to yield an equivalent of \_\_\_\_\_ of the Company’s business. In November and December, the remaining clients would comprise of \_\_\_\_\_ of Maxicare’s business.

In the third quarter of the year, a regularized margin would be implemented, except for \_\_\_\_\_ and \_\_\_\_\_. Mr. Gokongwei asked about the composition of the reported positive revenue. Ms. Argos that this may be due to the increase of the price.

Mr. A. Go asked whether the advance software would generate a more accurate prediction on the budgets. According to Mr. Jasper Hendrik T. Cheng (“**Mr. Cheng**”), the variance would be around \_\_\_\_\_ to \_\_\_\_\_. According to Mr. A. Go the variance should be no higher than \_\_\_\_\_ or \_\_\_\_\_ only.

Mr. Argos discussed the per capita figures and how it compared to the budget. The EMF per capita figure, and then the MUC per capita figure. The MUC per capita did better than expected. The forecast on the total number of members requires improvement on Maxicare's end.

Mr. A. Go asked how the member counting could go wrong. According to Mr. Argos, there were several factors that affect the member count. One of which was when there was an increase in the price thus, there would be a decrease in enrollment. The employees were not enrolling their dependents because of the price increase. The other one would be that there were operational issues with member movements, whether these may be cancellations, additions, or deletions because Maxicare still had not identified these corrections. There was a need to consolidate and validate these data.

According to Ms. Victoria, there was a problem with validation as this was done using multiple systems. The Corporation began by addressing discrepancies identified in the daily headcount report. In the underwriting team, a manual inventory process was conducted to cross-check the daily production against the system-reported data. Upon detecting inconsistencies, the team proceeded with a comprehensive review comparing member listings between PayorLink 1 ("PL1") and PayorLink 2 ("PL2"), in comparison to their inventory records. This collective review process allowed them to reconcile discrepancies found. According to Ms. Victoria, their team also asked assistance from the Technology Department under Mr. Cayetano.

In the meantime, the discrepancies were being detected by manual intervention. Mr. Argos discussed that Ms. Victoria's team was manually scanning the excel template to validate and to look for the absolute truth. However, in these checks, it was discovered that there were discrepancies. According to Ms. Victoria, there was an uncertainty if there were members who were able to claim the benefits despite being a supposed expired member. Their team had implemented measures to avoid such situation.

The Committee members discussed how to troubleshoot the discrepancies in validating the membership. Ms. Esther Wileen S. Go ("**Ms. Go**") noted that the focus should be on underwriting. The ultimate truth would be from the excel file generated by PL1. Mr. Argos explained that there was a current imbalance between PL1 and the ACVP. Ms. Victoria discussed that there were ACVP transactions that were being loaded, but some were unsuccessful transactions.

Mr. A. Go inquired about the timeframe of the migration that would be completed by July. Mr. Cayetano explained that technically, the migration was not yet in process because their respective teams were still resolving issues in the system itself. These were the "thirty-seven unique issues" presented earlier. Upon migration, there were issues discovered and to be able to fix those, the data should be re-migrated and manually checked. As explained by Mr. Argos,

the errors and discrepancy would continue to happen unless the thirty-seven unique issues would be fixed.

According to Ms. Argos, their current solution was manual intervention by counterchecking the Excel file generated from PL1.

According to Ms. Victoria, the process revolved around understanding how members were tagged per policy code. For instance, corporate accounts would start with a specific tagging or nomenclature like 'ooo'. On the other hand, for prepaid accounts, the tagging was typically '3oo'. Initially, when all active members were downloaded and matched to policies, the total count was around members. However, the daily headcount report received since the beginning of the month showed a count of members.

This reveals a discrepancy of approximately members, which was currently under investigation. It was noted that part of the daily report included dummy accounts used for migration testing, which should be excluded from the count. Additionally, scrutiny of the formulas used in generating the daily headcount was performed. The observed figures indicated a count that was lower than the initially reported number.

According to Mr. B. Go, the long-term solution would be MIS with 12 to 18 months implementation. Upon reviewing the financials for the first quarter, there was a noticeable gap that raised concerns. Addressing the top line, particularly through underwriting, becomes paramount. Integrating Oracle Revenue Management and Billing (“ORMB”) and initiating billing from there could safeguard the revenue side, especially concerning availments. Lastly, existing processes for instant activation upon hospital arrival seem to be in place.

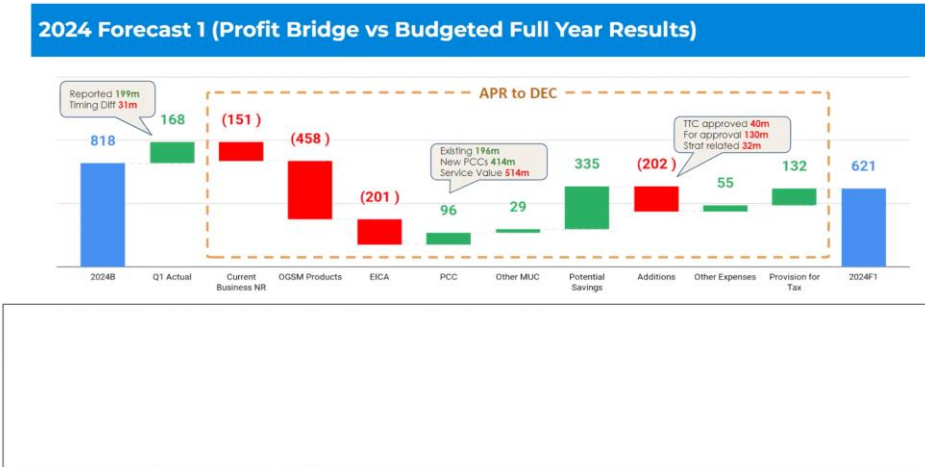
iv. *2023 Fourth Quarter Industry Report (Based on IC’s HMO Industry Statistics Report)*

Ms. Espallardo briefly presented to the Committee the 2023 Fourth Quarter Industry Report, the details of which were set forth in the presentation materials, a copy of which is attached hereto as **Annex “A”**.

In the interest of time, the Committee would read in full the report on the 2023 Fourth Quarter Industry Report in their own time.

v. *2024 Forecast*

Mr. Mark Noel Macapagat (“**Mr. Macapagat**”) presented the summary of the current 2024 forecast.



The changes that were identified since coming from Maxicare’s original budget. The presentation showed the effects of the recent changes and trends to Maxicare’s net income that the team would expect for the full year of 2024.

The total revenue was forecasted at . As earlier discussed, during the first quarter, the revenue was more than the forecasted amount however, there was a discovery of deferred expenses that effectively reduced the revenue.

Based on the forecast, in April, a drop of in the revenue would be expected. The business included everything except the OGSM. The deviations came from the contract value. As an example, the contract with : got a different arrangement at the end of December. Also, there had been a drop in membership.

There was a margin for the OGSM products. It showed that there would be in losses for the OGSM products. Mr. Gokongwei asked whether the products pertained to Maxicare or MaxiLife. It was explained that some products were correlated to each other, for example, MaxiLife was a rider to the Maxicare product.

Mr. Macapagat confirmed that the report was based on profit and not revenue. Factoring the manner that Maxicare recognized revenue from these products where it was spread over 365 days, Maxicare observed a narrow margin during the first half of the year. However, following the decision to recalibrate the timing for product launches, the schedule was shifted by six months forward. Thus, what should have been profit for these products in the second half of the year 2024 had been shifted to 2025.

Mr. Gokongwei pointed out that based on the chart presented, the lowest shortfall was . He questioned such despite being up by than what was forecasted in the first quarter. Mr. Gokongwei requested a deeper discussion on that in the next month. According to Mr. Argos the dip

in the OGSM products may have been caused by two factors: MIS system, and the people.

There was a forecasted increase in Estimated Incurred Claims Amount ("EICA") of . After the actuarial study, it observed the fast-paced development with the PCCs. However, Mr. Macapagat's team expects it to slow down by July.

Mr. Argos opined that the funding requirement should be taken out of the equation. He discussed that the forecast relies on an increasing proportion of EICA shifting to PCCs throughout the year. According to the schedule for PCC construction, the development of PCCs was attempting to keep pace. Therefore, it was essential to advance additional clinics, with funding being crucial. The additional clinics are expected to start operating around September or October. Mr. A. Go proposed that corporate clinics should be maximized to prevent clients from going to hospitals while the PCCs were not yet operational.

Mr. A. Go inquired about the effectiveness of the corporate clinics in helping lower the EICA. According to Mr. Argos, this has not yet occurred. However, Mr. Argos said that their team will try to create some leverage to shift and improve the current trajectory. Mr. A. Go urged further development of the corporate clinics. Mr. B. Go mentioned that corporate clinics were a complex product and that the SMT was still working on their development. Mr. B. Go asked whether the corporate clinics have been projectized . He expects that the proof of concept would be with the JG Summit corporate clinics.

Ms. Lopez stated that she would present in the next Committee meeting a model for the corporate clinic project. Mr. Argos suggested that Maxicare should shift its focus to the things that it can get an impact from, look for opportunities, and manage risks.

Mr. Macapagat pointed out that the current forecast on the 2024 full year income was following the trends observed in the first quarter.

Mr. Macapagat presented the four areas of opportunities to increase revenue: (i) OGSM Products Revenue and Costs; (ii) Net Revenue from Current Business; (iii) EICA and MUC; and (iv) the New PCCs.



2024 Forecast 1 (Opportunities to Improve Results)		
Area	Changes / Trend / Risk	Action / Opportunity
OGSM Products Revenue and Cost		
Net Revenue from Current Business		
EICA / MUC		
New PCCs		

First in the OGSM Products, Maxicare faced a time crunch and therefore products that could be launched sooner would be prioritized to derive contribution in increasing the revenue.

As for the net revenue from current business, Maxicare would continue its campaign on pricing. If Mr. Macapagat's team is successful with its campaign, it can contribute an additional ₱100 million down the line.

Some of the service issues and disaffiliation concerns that contribute to the non-renewal of clients' memberships should be addressed. Also, another point of opportunity is the new products and business acquisitions that are planned. He mentioned that his team was currently working to expedite these timelines in order to start generating income from them sooner.

For the EICA and MUC, there was a need to accelerate the CPT. There was a lag in realizing the actual benefit and savings that were promised. According to Ms. Elizabeth Gregorio (**Ms. Gregorio**) their team was currently working to accelerate this.

In the case of PCCs, Mr. B. GO noted that its development was similar to a J-curve wherein there would be additional expenses before the revenue. However, in the long run, it would improve and generate income. Mr. Gokongwei said that in the first six (6) months of establishing the new PCCs, it would yield a negative net income. According to Mr. Argos, if the PCCs would be built fast enough; approving and finalizing these clinics by May— there may be a positive bottom line.

Mr. Argos agreed with Ms. Lopez that the presented five PCCs were approved. The main concern for now would be the pricing.

Mr. Macapagat then presented the forecasted operational expenses (**OPEX**) for 2024 for approval of the Committee:

### 2024 Forecast 1 (Opex Items Requiring Approval)

Division	P&L Line Item	Particulars	Amount
Health Network Management	Indirect UM Initiatives		
Health Network Management	Medical Utilization Cost		
Finance & Treasury	Operating Expenses		
Finance & Treasury	Operating Expenses		
Finance & Treasury	Operating Expenses		
Finance & Treasury	Operating Expenses		
Finance & Treasury	Operating Expenses		
Finance & Treasury	Operating Expenses		
Executive Office	Operating Expenses		
Executive Office	Operating Expenses		
Executive Office	Operating Expenses		
Actuarial	Operating Expenses		
Consumer Sales	Operating Expenses		
Consumer Sales	Operating Expenses		
Human Resources	Operating Expenses		
Human Resources	Operating Expenses		
Marketing	Operating Expenses		

Mr. Gokongwei asked for more clarity on each of the items presented in the CAPEX list. Mr. Argos explained the N-1 adjustment would still be within the manpower budget.

Mr. A. Go inquired about the Prima Capitation item. According to Mr. Argos, this was the cost paid for the service provider, MyHealth Clinics (“MyHealth”). The PRIMA products were being serviced by MyHealth per member, and upon investigation, they have seen an adjustment in the number of members. This Prima Capitation item should have been under MUC.

Mr. A. Go asked about the increase in depreciation. Ms. Espallardo explained that this was due to an accounting recalculation. Mr. Argos explained that the items presented were mostly incorporated in the budget. He further explained that the new item to focus on was the N-1 while the rest were mere results of reevaluation. Mr. A. Go asked about the IFRS 17. Ms. Espallardo said that this was the engagement of \_\_\_\_\_ as consultants. Mr. A. Go requested that the item should have mentioned that this was for “consultation”.

Ms. Go asked about the \_\_\_\_\_ additional expense for Best Life Program (“BLP”). Mr. Argos said that this should have been a MUC expense.

Ms. Gregorio discussed that the additional budget for the BLP was for the medicines being supplied to the members. Under the BLP, Maxicare was charged \_\_\_\_\_ for each active member for the medicines. The per member was not included in the budget when it was calculated.

According to Ms. Gregorio, BLP now has 25,000 active members. She said that while it had been observed the program reduces MUC because of the tests, the consults, and the medicines. There were also items in the program that need refinement or enhancement.

Previously, there seemed to be a lax set of guidelines in qualifying a member to be part of the BLP. Some of the 25,000 members should be filtered out. Before the cost of the medicines for BLP was only \_\_\_\_\_ but now it is \_\_\_\_\_

MG Health Solutions Inc. (“**MedGrocer**”) is the service provider for BLP. MedGrocer has four qualifying factors to be part of the BLP. However, Maxicare said, through Ms. Gregorio's team, it should only be two. According to her, to qualify as a member of the BLP, a member must demonstrate a specific illness through a test or laboratory result. However, MedGrocer also included additional qualifications, such as individuals who are taking a specific type of medication.

Mr. Argos discussed that upon tightening the rules, the expense should go down. Currently, the SMT is implementing rules to exclude members. Mr. B. Go suggested that the budget should not have been for the worst-case scenario. Upon approval, it would imply that such can be spent without further oversight, so it's important to tighten the rules beforehand. Mr. A. Go asked for the prices of the medicines supplied in the BLP. Mr. Argos responded that these medicines were being sourced from Southstar pharmacy at a special price.

According to Ms. Gregorio, upon inquiring from MedGrocer about the \_\_\_\_\_ per customer, they were secretive. MedGrocer's response was that Maxicare's doctors already know the prescription thus MedGrocer cannot give the medicine price. Mr. Argos said just to look up how much are these common medicines like metformin. Mr. A. Go said that eventually, Maxicare should control everything.

According to Mr. Argos, this is similar to Prima Capitation. This was capitated and there was a risk-sharing agreement. He also discussed the other program wherein it identified people who have the potential to be high-cost because of treatments. According to Mr. B. Go, it is a preventive program.

Mr. Gokongwei asked when the Administrative Only Services (“**ASO**”) financials and balance sheet can be ready. Mr. Argos instructed to do it manually considering there was an issue with MIS and with the hybrid accounts. Ms. Espallardo said that it could be ready within two months.

Mr. Gokongwei said that the OPEX items were approved and requested more details moving forward.

Mr. Macapagat presented the capital expense (“**CAPEX**”) items.

2024 Forecast 1 (Capex Items Requiring Approval)			
Division	Particulars	Business Case	Amount
HR / Admin			
HR / Admin			
HR / Admin			
ICT			
ICT			

The building and leasehold improvements of l were discussed in depth and the breakdown of the budget consideration was shown as follows:

BUDGET CONSIDERATION

AREA FOR RENOVATION	Renovation Cost
MPM Total Cost Renovation	
MT-5F modification	
MT-6F modification	
Filomena (Recruitment Hub)	
MT-3F modification	
MT-4F modification	
TOTAL REQUESTED BUDGET	

Mr. Argos discussed that the subject property is located in Binondo, which Maxicare is currently leasing but it is idle. Due to the OGSM initiative, there was a plan to relocate some of the staff in Binondo. The capacity of the subject building is 300 people and the treasury department alone has 130 personnel.

Ms. Go inquired about the reason behind the high cost of renovation. According to Mr. Argos, upon moving out of the building, the property was gutted and even the wirings were taken out. Mr. A. Go requested a review of the actual costs such as fiber optics wirings. According to Mr. Argos, there may be some improvements made since it was used before by MyHealth.

The necessity for the renovation of the subject property were the following workstation requirements, as presented:

Workstation Requests/Requirements:

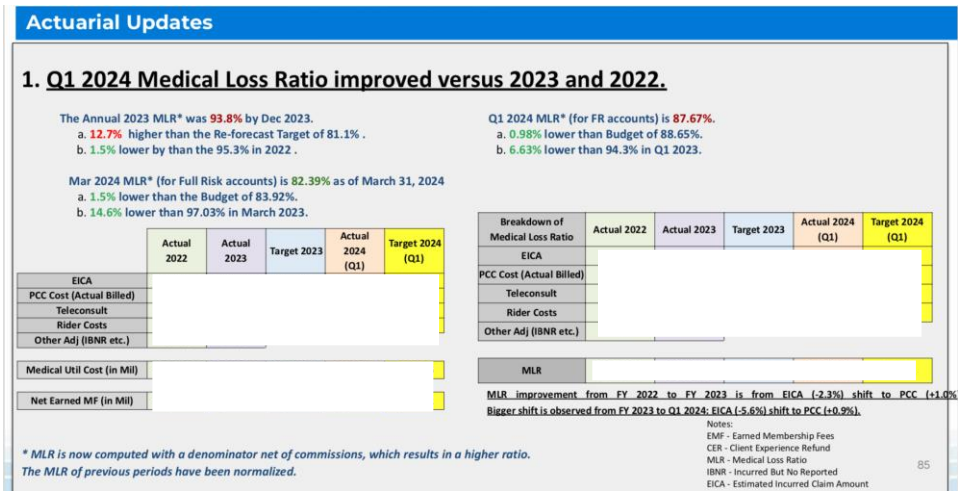
The movement to Binondo would be made by the operations team, some of the HNM team, and some of the Billing personnel.

vi. Actuarial Report

Mr. Cheng, the Chief Actuarial Officer, presented the actuarial report on the following:

- (a) Medical Loss Ratio (“MLR”) - incurred claims vs earned MF (P&L basis)
- (b) Membership Fee (“MF”) and Contribution Margin (“CM”) per Capita (Pricing cohort basis)
- (c) Pricing Accuracy - Deviation of estimated MUC starting Oct 2023

Medical Loss Ratio



According to Mr. Cheng, this was made on a Profit-and-Loss ("P&L") basis analysis. The results shown were by calendar year as it affects on the P&L. There have also been observed improvements in the medical loss rate in the business, both from 2022 to 2023 and from 2023 to year-to-date 2024.

There was improvement from the 95% level MLR to about 87.67%, which is slightly ahead of the target. It was quite close to target in that sense for the accounts the actuarial team had seen so far. Mr. Cheng noted that this process was assessed across various cohorts.

Mr. Gokongwei asked if the CM was an inverse of MLR thus it can be across vertically. According to Mr. Cheng, it would be across diagonal. Mr. Cheng discussed that there was a slight lag because the perspective on the CM was forward-looking. Upon closing the deal, that CM should have been reported however, the actuarial team waited month by month.

The tables presented showed what have already been incurred and what was positioned for.

Membership Free and Contribution Margin per Capita

Actuarial Updates														
2. Membership Fees increased in both 2023 and 2024, driven by higher target CM%.														
<div><div></div><div>The 2023 FY Membership Fee Per Capita for All Corporate FR Renewing Accounts increased by 16.4% vs 2022F</div><div></div><div>The 2024 YTD Membership Fee Per Capita (Corp FR renewing accounts) increased by 27.5% vs YTD 2023</div><div></div></div>														
<div><div><div>2022</div><div>Effective Month</div><div>Renewing Accounts</div><div>Members</div><div>TCV (Net of VAT)</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div></div><div><div>2023 - Final</div><div>Members</div><div>TCV (Net of VAT)</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div></div></div>														
<div><div><div>2023</div><div>Effective Month</div><div>Renewing Accounts</div><div>Members</div><div>TCV (Net of VAT)</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div><div>Actual CM% per Capita</div></div><div><div>2024 - Final</div><div>Members</div><div>TCV (Net of VAT)</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div><div>Pricing CM per Capita</div></div></div>														
<div><div><div>As of April 11, 2024</div><div>2022</div><div>2023</div><div>2024 Q1+</div></div><div><div>Pricing CM%</div><div>12.90%</div><div>13.00%</div><div>15.60%</div></div><div><div>Actual CM%</div><div>8.80%</div><div>11.80%</div><div>16.00%</div></div><div><div>Variance</div><div>-4.1%</div><div>-1.2%</div><div>0.4%</div></div></div>														
<div><div>Estimated CM</div></div>														
<div><div>Notes:</div><div>FR - Full Risk</div><div>TCV - Total Contract Value</div><div>MF - Membership Fee</div><div>Q1+ is Jan 1 to Apr 9</div></div>														
86														

There was a reported growth in both membership fees and CM. In this case, the membership fees increase was driven by the higher target CM. This was already on an apples-to-apples basis and using the new basis proposed by the Boston Consulting Group ("BCG"). The year 2022 which is depicted in the yellow diamond on top of the table is around pricing CM but there was some noted variance. The actual performance was down to because the estimate was not accurate and the actual CM margin was . Actuarial services did an estimate of what they projected the variance would be for the 2023 or the green cohort. The light green fields mean that it has not happened, and the dark green fields are already reported.

According to Mr. Cheng, the expected variance was around 0.5% for that cohort which will bring down the CM from 1.5% to around 1.0%. Mr. Gokongwei clarified when it was priced and when it was effective. According to Mr. Cheng, the ones priced in 2023, mispriced the MLR by 0.5%. It was expected that the MLR would go higher than that.

In contrast, for 2024, Maxicare had been able to stick with its pricing strategy locking in 1.5% at the start of the year in terms of the expected CM. It was pointed out the variance is on the positive side.

Mr. Gokongwei asked about the projected operating cost. According to Mr. Cheng, the actuarial team used the same loadings as pricing and no variances were assumed. Mr. Gokongwei asked how much the operating cost was at 1.5% CM. According to the Finance Team, it was just slightly higher.

According to Mr. Cheng, the report was on the prediction for the cohort for the rest of 2024 until 2025 based on the first quarter. He furthered that everything in the MF report is cohorts, not actual counting recognition.

In response to Mr. Gokongwei's inquiry, Mr. Cheng confirmed that the 1.131 Million members only refer to the renewed business, including their dependents. Mr. Gokongwei asked for the reason behind the discrepancy of the members in the tables. According to Mr. Cheng, the difference between the two was that the 385,479 members was the number yielded at the end of the year and the 410,345 members was the result of the computation of those who renewed in 2024. Ms. Victoria discussed further that the variance in the number of members was a result of non-renewal or deletion of the accounts. Additionally, Ms. Victoria said that the decline may have been a result of errors in the headcount report. The directors requested an explanation next month for the reason behind of declining number of members.

### **Pricing Accuracy**

Maxicare

Jasper

Actuarial Updates

**3. Deviation of estimated MUC post BCG involvement is close to 2% (excluding riders).**

Table 3a. MUC Accuracy of All Accounts from October 1, 2023 to February 29, 2024

All Accounts	Actual As of Feb. 29, 2024 (A)	Pricing (B)	Variance (Pricing vs Actual)	
			Amount (A - B)	Percent (A / B - 1)
Ave. Members (a)				
MEDICAL UTILIZATION COST (b = c+d+e+f)				
EICA (c)				
PCC COST (d)				
TELECONSULT (e)				
RIDER COST (f)				
MUC PER CAPITA (b/a)				
MUC PER CAPITA (excl. rider)				

Pricing team started implementing the new process targeting best estimates for MUC by Q4 2023.

MUC per capita (fraction of a year) actually recorded as of February 29, 2024 for accounts priced on Oct 2023-Feb 2024 was 2,418 compared to 2,521 in pricing (favorable by -4.08%). This is largely due to dental and other riders, where actual avallment was lower than the capitated price.

Table 3b. MUC Accuracy of Consumer Accounts from October 1, 2023 to February 29, 2024

Consumer Accounts	Actual As of Feb. 29, 2024 (A)	Pricing (B)	Variance (Pricing vs Actual)	
			Amount (A - B)	Percent (A / B - 1)
Ave. Members (a)				
MEDICAL UTILIZATION COST (b = c+d+e+f)				
EICA (c)				
PCC COST (d)				
TELECONSULT (e)				
RIDER COST (f)				
MUC PER CAPITA (b/a)				
MUC PER CAPITA (excl. rider)				

Table 3c. MUC Accuracy of Corporate Accounts from October 1, 2023 to February 29, 2024

Corporate Accounts	Actual As of Feb. 29, 2024 (A)	Pricing (B)	Variance (Pricing vs Actual)	
			Amount (A - B)	Percent (A / B - 1)
Ave. Members (a)				
MEDICAL UTILIZATION COST (b = c+d+e+f)				
EICA (c)				
PCC COST (d)				
TELECONSULT (e)				
RIDER COST (f)				
MUC PER CAPITA (b/a)				
MUC PER CAPITA (excluding rider)				

The Acturial Team reviewed the accuracy in pricing and there was actually positive and negative variances.

Mr. Cheng discussed that, on the consumer side, the MUC per capita was higher by around 6% than on the corporate side. Based on the actuarial report, the MUC per capita was lower by around 5.8%. Overall, netting because corporate volume was much higher. The MUC per capita for the Corporation as a whole was actually favorable by 4% on those cohorts. For the accounts that were closed from October to March, the 4% was actually mostly driven by favorable or lower claims coming from riders such as dental.

If dental was excluded, the variance from the actual PCC and EICA was more or less around 2.18% for this period. This would be monitored on a monthly basis to ensure that it stays within the favorable deviation.

Mr. B. Go clarified whether the dental rider was being utilized. Mr. Cheng explained that on the consumer side, there was a higher utilization than corporate. Also, there were some disaffiliations of dental clinics.

vii. Sales Report

Corporate Sales

Ms. Victoria, the Chief Operating Officer of Maxicare, presented the report on corporate sales

March 2024 Sales Performance

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



	2024 Actual Performance (M)	2023 Actual Performance (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
New Business						
Renewal Business						
Corporate Total						

During the covered period, the highest gain was from Etiqa at , while the highest loss was from Intellicare at . The highest net gain was from Etiqa at , whereas the highest net loss was from Cocolife at

Mr. Gokongwei requested to insert an additional column to show the loss of business for the month.

March 2024 New Accounts and Renewal Business

Ms. Victoria next presented the new and renewal business:

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

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

The Estimated Total Contract Value (“TCV”) of the new accounts declined, amounting to , which represented decrease compared to the same period in 2023. The per capita cost increased by an average of for quoted accounts for March 2024 when compared to the same period in 2023.

Ms. Victoria noted that the Corporation’s renewal of accounts from March 2024 decreased by compared to the same period in 2024. There was a

decrease in the number of renewed members by . The Estimated TCV of the renewed accounts amounted to , which translated to a growth compared to the same period in 2023. The per capita rate likewise increased by an average of for quoted renewed accounts for January 2024 when compared to the same period in 2023.

Mr. Roberto Macasaet, Jr. (“**Mr. Macasaet**”) clarified whether the decrease explained the decrease in membership. The main cause was the price increase of Maxicare and the clients’ budget could no longer accommodate Maxicare’s offer.

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

EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Previous Provider	CM	REASON FOR CLOSING
1-Jan-24			13,909		3%	
14-Jan-24			4,188		23%	
1-Jan-24			1,251		23%	
1-Jan-24			1,120		9%	
25-Jan-24			1,010		25%	
1-Jan-24			250		25%	
1-Jan-24			191		23%	
1-Jan-24			445		25%	
6-Feb-24			283		27%	
1-Feb-24			296		25%	
7-Feb-24			264		25%	
3-Feb-24			168		27%	
28-Feb-24			896		22%	
5-Mar-24			423		25%	
1-Mar-24			400		25%	
1-Mar-24			240		25%	
1-Mar-24			514		18%	
30-Mar-24			307		25%	
1-Mar-24			429		21%	

The top accounts closed for March 2024 were: (

Ms. Victoria noted that engaged Maxicare since their company moved to Makati which gave them accessibility to the PCC.

The accounts that renewed this month are

The Major Did-not-Renew account for March were . The table presented for the same was as follows:

Effective Date	COMPANY NAME	Reason for non-renewal	Chosen Provider	Years with maxicare	MLR	CM	Expiring CM	INCREASE	2023 HEADCOUNT	2023 TCV WITHOUT VAT
1-Feb-23					104.00%	16%	-4%	49%	1,663	
16-Feb-23					162.00%	15%	-56%	113%	978	
24-Feb-23					81.00%	18%	-13%	59%	1,786	
1-Feb-23					ASO	13%	8.50%	ASO	464	
1-Mar-23					98.13%	18%	-9%	41%	5,887	
18-Mar-23					99.00%	18%	1%	40%	1,376	
15-Apr-23					110.00%	18%	-8%	41%	4,799	
TOTAL									16,953	

As requested during the last Committee meeting, Ms. Victoria noted that the sales team added the expiring CM or the ending CM in the tables presenting previous coverage versus the increase that was offered in 2024.

The additional did not renew accounts for the month of March, the biggest of which is with a loss ratio of 98%. Maxicare’s offer was at 41% and ValuCare offered half of the Corporation’s final increase with benefit enhancements. This is in the area where the processing plant is located. The sales team even proposed the PCC access, however, the full-service rates were compelling the client to shift to ValuCare.

Ms. Victoria presented the Gain Loss Details:

Highest Gain					
EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Previous Provider	CM
1-Jan-24			13,909		3%
25-Jan-24			1,010		25%
1-Feb-24			296		25%
15-Feb-24			244		25%
Highest Net/Loss					
EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Chosen Provider	LR
1-Jan-23			11,532		89%
18-Jan-23			741		94%
24-Feb-23			1,786		81%
1-Feb-23			464	ASO	
27-Jan-23			250		100%
17-Feb-23			100		15%
1-Feb-23			136		79%
4-Feb-23			142		66%
14-Jan-23			63		57%
Highest Loss					
EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Chosen Provider	LR
1-Jan-23			24,485		N/A
1-Jan-23			484		95%
1-Jan-23			1,613		79%
20-Jan-23			94		101%
1-Feb-23			1,663		104%
18-Mar-23			1,376		99%
16-Mar-23			557		77%

Ms. Victoria reiterated that the highest gain came from Etiqa at The biggest loss was from Intellicare losing Metropolitan Bank and Trust Company Inc. (Metrobank) at which was under ASO. Intellicare’s claims handling fee was half of what’s proposed by Maxicare. Maxicare quoted at 7%, and Intellicare quoted at 4% claims handling fee and P100.00 network access fee.

<sup>9</sup> sub-region of Metro Manila informally called CAMANAVA, which consists of Caloocan, Malabon, Navotas, and Valenzuela cities

The highest net income was from \_\_\_\_\_ from  
Etiqua at \_\_\_\_\_ while the highest net loss was from Cocolife at \_\_\_\_\_  
losing \_\_\_\_\_

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

**Consumer Sales**

*March 2024*

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

2024 Actual Performance (M)	2023 Actual Performance (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
New Business					
Renewal Business					
Consumer Total					

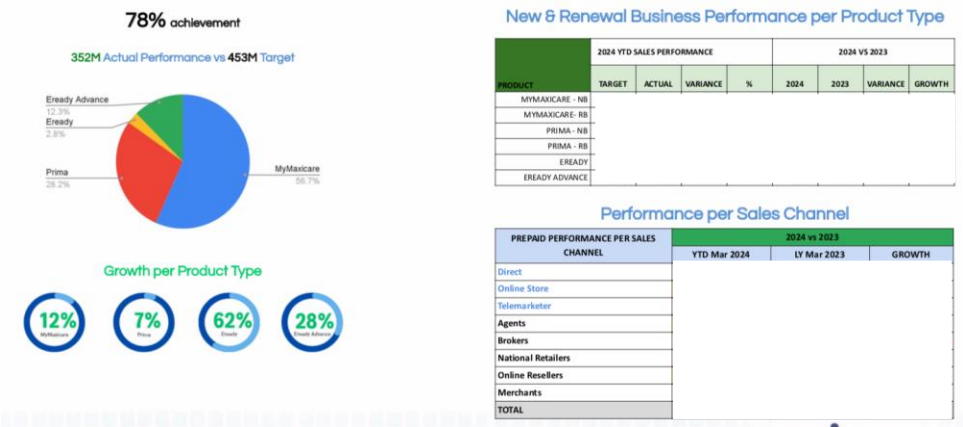
The highest loss would be for accounts that opted not to have any Heath Management Organization provider. For new business, there was a growth when compared to the same period in 2023. However, compared to target it was only able to hit \_\_\_\_\_ achievement.

Renewal business was at \_\_\_\_\_ growth versus the target which represents \_\_\_\_\_ of the target. This shows a steady increase in performance.



*Business-to-consumer (“**B2C**”) sales performance*

For the month of March, it was still expected to end at 95% of the target.



For the B2C products, there was recorded growth across all products, which would be MyMaxicare, Prima, E-Ready, and E-Ready Advanced.

There was similarly a growth in all B2C products, which are: MyMaxicare, PRIMA, E-Ready, and E-Ready Advanced. However, there was a drop in the MyMaxicare and PRIMA renewal business.

For MyMaxicare, the new businesses B2C products were mainly driven by agents' performance. It was noted that 65% of the MyMaxicare sales were sold by agents.

Currently, the MyMaxicare products were not being sold due to possible discreditation of some of the utilization providers. However, the sales team had assured that there would be no discreditations of hospitals. Mr. B. Go inquired about the partnership with [redacted] and [redacted]. According to Ms. Victoria, there were ongoing discussions with the two institutions.

Additionally, the [redacted] sought accreditation with Maxicare although there were a number of accredited hospitals already in the area of [redacted]. According to Mr. Victoria, [redacted] submitted their pricing and it was acceptable. However, there were two condition precedents which [redacted] had not yet complied with: (i) signing the hospital agreement policy; and (ii) clearance certificate certifying that Maxicare had no outstanding obligations to [redacted]. According to Mr. Argos, when [redacted] was accredited, it billed Maxicare [redacted] however, it was discovered that the clients were not Maxicare members. Furthermore, there were service issues with [redacted] first, the Maxicare personnel were unilaterally booted out of the [redacted], and second, they refused to provide their CPT<sup>10</sup> rates. Nonetheless, during the negotiation with Ms. Victoria, [redacted] management committed to rectifying these prior issues.

Ms. Uy presented the table on the prepaid performance for sales channels:

<sup>10</sup> CPT: Current Procedural Terminology

Performance per Sales Channel			
PREPAID PERFORMANCE PER SALES CHANNEL	2024 vs 2023		
	YTD Mar 2024	LY Mar 2023	GROWTH
Direct			
Online Store			
Telemarketer			
Agents			
Brokers			
National Retailers			
Online Resellers			
Merchants			
TOTAL			

The top sellers would be the agents, online stores, and online resellers. However, the most noticeable was the performance of direct sales which yielded 204.60% growth when compared in the same period last year. The direct team is targeting Business-to-Business ("B2B") accounts.

Business-to-business ("B2B") sales performance

Ms. Uy presented the performance of the B2B products which all yielded growth when compared to the same period last year:



According to Ms. Uy, for the B2B products, the agents and brokers yielded a low growth of 5.84% and 5.65%, respectively. Mr. Gokongwei informed the Committee that --- was selling health products which are categorically not HMO products but embedded with healthcare component. It was more akin with Maxicare Life Insurance Corporation products.

Headcount and Account Growth

Ms. Uy presented the table detailing the headcount and account growth.

### Consumer Sales Report: Headcount & Account Growth

PRODUCT TYPE	CURRENT WEEK				PREVIOUS WEEK				INCREASE/DECREASE		VAR %	
	# OF ACCOUNTS	PERCENT SHARE	HEADCOUNT	PERCENT SHARE	# OF ACCOUNTS	PERCENT SHARE	HEADCOUNT	PERCENT SHARE	# OF ACCOUNTS	HEADCOUNT	# OF ACCOUNTS	HEADCOUNT
	B2B											
02 - MAXICARE PLUS												
03 - MAXICARE STARTER PLAN												
11 - MAXICARE BUSINESS ESSENTIAL												
SUBTOTAL												
	B2C											
04.1 - MYMAXICARE INDIVIDUAL												
04.2 - MYMAXICARE FAMILY												
04.3 - MYMAXICARE GROUP												
05.1 - EREADY PLATINUM												
05.2 - EREADY TITANIUM												
07.1 - PRIMA GOLD												
07.2 - PRIMA SILVER												
12.1 - EREADY ADVANCE PLATINUM												
12.2 - EREADY ADVANCE TITANIUM												
SUBTOTAL												
TOTAL												

\*data as of April 1, 2024

As discussed by Ms. Uy and seen in the table above, there was not much movement in the figures. Upon calculation, it was discovered that there was a 528-member deficit, but then during that time, 1,000 members were being uploaded into the system.

### Gain and Loss

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	%
FRESH ACCOUNTS	6,155	351	100 M	0	0	0 M	6,155	351	100 M	246.14%
INTELLICARE	696	17	13 M	230	6	3 M	466	11	10 M	23.42%
MAXICARE	741	38	12 M	291	15	4 M	450	23	8 M	19.36%
GENERALI	146	2	3 M	0	0	0 M	146	2	3 M	6.55%
CareHealth Plus	116	6	2 M	0	0	0 M	116	6	2 M	4.60%
ETIQA	93	1	2 M	0	0	0 M	93	1	2 M	4.01%
GETWELL	56	2	1 M	0	0	0 M	56	2	1 M	2.38%
INLIFE HEALTHCARE	42	4	1 M	27	1	1 M	15	3	1 M	1.94%
EASTWEST	16	1	0 M	0	0	0 M	16	1	0 M	1.00%
PACIFIC CROSS	98	4	2 M	103	1	2 M	-5	3	0 M	-0.32%
SELF-ADMINISTERED	0	0	0 M	12	1	0 M	-12	-1	0 M	-0.49%
VALUCARE	0	0	0 M	99	4	1 M	-99	-4	-1 M	-2.67%
MEDICARD	190	9	5 M	261	2	8 M	-71	7	-4 M	-9.09%
COCOLIFE	0	0	0 M	208	3	4 M	-208	-3	-4 M	-9.40%
PHILCARE	250	7	4 M	492	8	12 M	-242	-1	-8 M	-18.66%
OTHERS/DID NOT DISCLOSE	439	11	10 M	1,384	62	21 M	-945	-51	-11 M	-26.45%
NONE	0	0	0 M	3,706	174	58 M	-3,706	-174	-58 M	-142.32%
TOTAL	9,038	453	155 M	6,813	277	115 M	2,225	176	41 M	100.00%

Based on the Gain and Loss report, a significant portion of the business came from Fresh Accounts, and the losses were budget-related but were not absorbed by other HMO companies.

### Profitability Report

Summary of results from November'23 to March'24										
	Mar-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	Contribution Margin	Net Income
B2B Products										
MAXIPLUS										
STARTER PLAN										
MBE										
Total B2B Products										
B2C Products										
MYMAXICARE										
EREADY - OR										
EREADY - ADV										
PRIMA										
Total B2C Products										
Grand Total										

Note:

1. EICA used for November and December 2023 was based on LOA issued
2. EICA used for January to March was provided by Actuarial

The total CM for the first quarter reached , with 19.7% of this amount recognized in March. For the month of March, positive net income was reported for both the Starter Plan and MyMaxicare.

According to Ms. Uy, for this report, they continued to apply the full allocation of indirect costs. The study for the prepaid product was still in progress.

M. B. Go inquired about the losses on the B2B products like MaxiPlus. According to Ms. Uy and Mr. Argos, this was probably caused by cost allocation.

The Committee members discussed the effectiveness and profitability of the selling channels of the B2B products and the CM prescribed per each product. Mr. Gokongwei and Mr. A. Go requested for the breakdown and detail per each product and also a recommendation. According to Mr. Argos, BCG would also look into this.

The members of the Committee also requested a report on E-Ready and E-Ready Advance whether it was still profitable to offer them in the market.

## V. Matters for Approval

The requested budget reallocation was presented already to the Transformation and Technology committee on 16 April 2024.

Mr. Cayetano explained that the request for approval was a mere reallocation of the existing budget and would not require additional cost. Thus, the Information and Communication Technology ("ICT") department is redirecting the funds to cater on the following items:

### *i. IT Related Proposed Budget Reallocation*

Mr. Cayetano presented the list of expenses for the proposed budget which were IT-related:



IT Related Proposed Budget Reallocation

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

Direct Cost/Opex	Expenses Classification	Expense	Amount	Vendor	Department	Explanation/Justification/Reco
Opex	Outsourcing					
Opex	System Repairs & Maintenance					
Capex	Computer & Peripherals					
Capex	System Repairs & Maintenance					

It was noted that there was a need to form a CCD and operations team to support the \_\_\_\_\_ project. Mr. Cayetano explained that some of the funds would be allocated to service cloud and also to other key resources which would be necessary for the development of the service cloud. Mr. Cayetano added that some of the funds would also go to the other electronic gadgets and accessory needs of operations, for example, the headset jacks. For the ICT, there was a need to acquire \_\_\_\_\_ which is a powerful tool for testing developments.

Mr. A. Go questioned whether the ICT was the proper body to request for the approval of these items. Mr. Cayetano explained that these items are IT-related thus the ICT's oversight.

ii. HNM Proposed Budget Reallocation

For the HNM proposed budget reallocation, Mr. Cayetano presented the following:

HNM Proposed Budget Reallocation						
Direct Cost/Opex	Expenses Classification	Expense	Amount	Vendor	Department	Explanation/Justification/Reco
Capex	Licenses					
Capex	Licenses					

Ms. Go asked whether it was necessary to acquire both \_\_\_\_\_, Ms. Gregorio explained that some of the coordination needed to be done through \_\_\_\_\_ Mr. B. Go added that it would probably be necessary to look into whether it was proper to migrate the system to \_\_\_\_\_

The members of the Committee noted that while the proposal will do in the meantime, they also requested a detailed report of what would be the most cost-efficient software for Maxicare.

iii. *Quality Management System (“QMS”) Proposed Budget Reallocation*

According to Mr. Cayetano, the QMS Team proposed that the savings amounting to \_\_\_\_\_ from Consultancy fee for Information Security Management System (ISMS) and Business Continuity Management System (BCMS) to be reallocated to Environmental Management System (EMS) activities related cost.

This was approved by the Committee.

VI. Other Matters



Other Matters

**Sales Incentive Program**

i. *Corporate Sales Incentive Program (“SIP”)*

Ms. Loren Iquina (“**Ms. Iquina**”) together with Ms. Cecille David (“**Ms. David**”) presented the SIP for Corporate Sales.

The corporate sales team handles two distinct groups of corporate accounts (i) key accounts (“**KA**”); and (ii) general corporate sales accounts (“**GCSA**”), to wit:

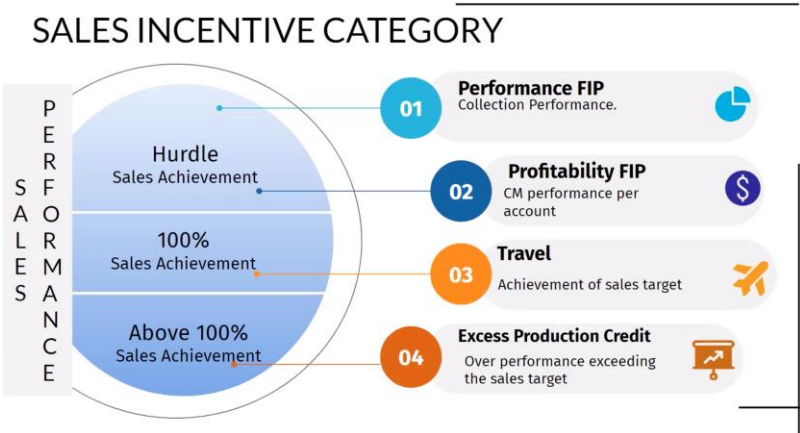
CORPORATE SALES		
<div><div></div><div>KEY ACCOUNTS Focuses on retention and account management of top tier, high value clientele.</div></div>		
TCV		
	Ave. Php	Total Plantilla Count
HBE		
AM		
BDM		
AVP		
SAVP		
<div><div></div><div>GENERAL CORPSALES Responsible for the retention and account management of all existing general accounts and acquisition of new clients</div></div>		
TCV		
	Ave. Php	Total Plantilla Count
HBE		
AM		
BDM		
AVP		
SAVP		

The key accounts focus on retention and expansion of the top clients while the general corporate sales segment is responsible for retention of general accounts and acquisition of new clients.

The average portfolio per unit head for Assistant Vice President ("AVP") is around [redacted] for GCSA. The structure for KAs are usually one unit head per one key account. There is a dedicated handler. The House Benefit Executives ("HBE") are account officers who are the lowest ranking sales handler.

Ms. Iquina discussed the distinguishing criteria between the KAs and GCAS which are: the total headcount and the TCV. Mr. Gokongwei inquired on the number of accounts assignment in the corporate sales team. It was explained that a corporate sales team member would each have [redacted] accounts. For example, there is one AVP assigned and dedicated for [redacted], one of the key clients of Maxicare; one AVP dedicated for [redacted] under such are the [redacted] and one AVP for [redacted]. Each AVP has one business development manager ("BDM") and one assistant manager ("AM").

One EVP is dedicated for [redacted], that's [redacted]. One EVP is also for [redacted]. And then under that EVP, there is one business development manager, one assistant manager, and then one HPV.



Before a salesperson gets entitled to any type of incentive, the first layer of measure is the sales performance or the sales achievement.

To drive increasing performance, there have been three levels of achievements identified, and for each level, there is a specific incentive category.

First is the "hurdle" which is the sales achievement. Next, is achieving 100% sales target. Lastly, the over performance which entails above 100% sales achievement.

Mr. A. Go inquired about the threshold of the said targets. According to Mr. Argos, there are factors in fixing a target such as: looking at existing accounts that the sales staff is handling, growth and persistence, and new business generated. Mr. Argos responded to Mr. A. Go's follow up query that when the sales representative handles one of the top 10 accounts, the sales representative should create a program that will incentivize dependents to enroll, availment of new MaxiLife riders, upsell additional benefits, and other forms of expansion.

Mr. B. Go asked about the key accounts drop out. According to Ms. Iquina, there has been no drop out in the key accounts so far and the key accounts continue to grow. The focus has been to keep these key accounts. According to Mr. Argos, losing account would result to salesperson not being entitled to the sales incentive.

Under the "hurdle" achievement, a salesperson will get a performance fixed incentive pot based on collection and a profitability fixed incentive pot based on CM performance. The second level, the 100% sales achievement is reached, sales would have travel incentive. The finally, for the over-performance, the salesperson would earn excess production credit.

The Fixed Incentive Pot (“FIP”) was next discussed. This was explained to be a cash incentive scheme to reward specific level of sales performance (based on billed and collected) and profitability performance (CM).

FIXED INCENTIVE POT (FIP )			
Rank Classification	FIP	Performance FIP (50%) Based on Collection Formula: collected/ collectible	Profitability FIP (50%) Profitability performance based on CM of the account
HBE			
AM			
BDM			
EBDM			
AVP			
SAVP			

The table above shows the components of the FIP per salesperson with to each salesperson’s respective ranking. The FIP is divided into two: the sales performance and the profitability performance. Ms. Uy explained that the sales performance target or threshold of must be met before the sales employee gets access to the first of incentive. It was clarified that the first level should be surpassed before getting the second half of the FIP, which is the profitability sales performance incentive. Thus, billing and collection should happen first before being entitled to the other of the FIP.

Mr. Argos further explained that the amount that would be received in the first half of the FIP would depend on the percentage of the billed and collections amounts. Meanwhile to be eligible to receive the other FIP, the salesperson should close the deal at the prescribed CM which is at

Mr. Gokongwei inquired how pursuing new accounts are being incentivized. According to Ms. Victoria, a salesperson has both ‘for renewal’ accounts and new accounts. The performance hurdles are combined in reaching the 80% target. Some salespersons that had “did-not-renew accounts” would be compelled to pursue new accounts to offset the non-renewals. Mr. Gokongwei pointed out that new accounts are harder to get. Mr. Argos explained that each salesperson has its own renewal target and new accounts target. Nonetheless, Mr. Gokongwei suggested that the sales team should consider giving an additional rider to sales personnel that are able to get new accounts.

According to Ms. Iquina, in case a sales person loses one big account, they would be prioritized and given other account leads in the pipeline.

Mr. Gokongwei inquired about the basic salary of the salesperson without the sales incentive. According to the sales team, the HBE's salary is around while the AVP's salary is around

The Committee requested to create some adjustments and new measures for the incentives for new accounts. Also, the sales under key accounts could have a different standard given that it is mainly based on retention.

The travel incentive was briefly discussed and explained that such was a group or team incentive wherein one team would go to a destination.

The excess production credit ("EPC") formula was likewise discussed. The computation for the EPC was presented by the team:

**EXCESS PRODUCTION CREDIT (EPC)**

An SIP component to incentivize over performance and exceeding the annual sales target.

Guidelines:

1. Formula

$EPC = (Total\ Annual\ Performance\ billed - Total\ Annual\ Target) \times .003$

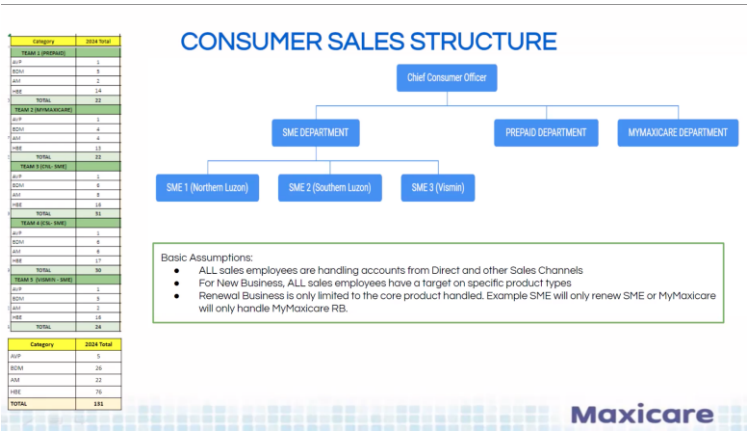
2. Up to Php400K limit per personnel across all ranks

Mr. A. Go suggested that there should be incentive that can lower the costs.

The members of the Committee suggested to compute the incentives and reap it from the CM. The Committee proposed a scheme wherein the incentives were just derived from the CM. However, the actuarial team should be accurate with the pricing.

ii. *Consumer Sales Incentive Program*

The Consumer SIP was presented and as an overview the structure under consumer sales was discussed as follows:



Ms. Uy presented the average target under consumer sales:

	SME		
	NB	RB	TOTAL
HBE			
AM			
BDM			
AVP			
	MYMAXICARE		
	NB TARGET	RB AVERAGE TARGET	TOTAL
HBE			
AM			
BDM			
AVP			
	PREPAID		
	NB TARGET	RB AVERAGE TARGET	TOTAL
HBE			
AM			
BDM			
AVP			

As shown, there were different targets per department per every type of product. ME would have a bigger target because much of volume right now is being handled by the MaxicarePlus and StarterPlan products. Additionally, Maxicare is expanding through MyMaxicare. As a result, it can be seen that the target for new business was nearly , compared to the renewal business target.

PRODUCT TYPE	COMM	Internal Comm in CM	PRICING CM	AGGREGATE CM
MPLUS				
Direct				
Intermed				
STARTER PLAN				
Direct				
Intermed				
MBE				
Direct				
Intermed				
MyMAXICARE				
Direct				
Intermed				
PRIMA				
Direct				
Intermed				
EReady				
Direct				
Intermed				
EReady ADVANCE				
Direct				
Intermed				

Maxicare

The numbers shown are the external commission and the internal commission The incentives are net of VAT, net of CM, and other costs.

The SIP to align the consumer sales team efforts with the company's goals, was aligned as well with their Key Responsibility Areas and Key Performance Indicators. This incentive program focuses on the revenue collection and profitability. All of this was considered in the program.

There are two types of incentive programs: (i) cash incentive, and (ii) travel incentive. The cash incentive and the travel incentive are structured differently. The travel incentive is the same as in corporate sales. However, the cash incentive differs in that for new business, there is an identified multiplier per product sold, while for renewal business, it is taken from a fixed amount, similar to corporate sales.

Ms. Uy presented the cash incentive computation for consumer sales:

1. NEW BUSINESS:

• Revenue -

○ Multiplier based incentive for accounts under payment first program. The applicable multiplier is set based on the following:

■ Boxed Type product sold

■ Sales Channel

■ Sales Position

• Collection - only paid amount will be incentivized as validated by Treasury

• Profitability - 30% of the budget is allotted to profitability.

• SAMPLE COMPUTATION:

NB SIP	NB AVE ANNUAL TARGET	AVE. MULTIPLIER	ANNUAL SIP AMOUNT	PERFORMANCE	PERFORMANCE %	PERFORMANCE SIP	COLLECTION	COLLECTION SIP	PROFITABILITY SIP (30%)
HBE									



A salesperson would have a target of \_\_\_\_\_, and the average multiplier for new business, for example, is \_\_\_\_\_ with the SIP amount being \_\_\_\_\_. If s/he meets the target, they will receive a performance SIP of \_\_\_\_\_. Additionally, since payment first applies to SMEs and other products, the collection SIP will also be considered at \_\_\_\_\_.

Ms. Uy presented the SIP for the renewal of business:

SAMPLE COMPUTATION:  
TARGET: \_\_\_\_\_  
POT: \_\_\_\_\_

Q1 target	Q1 Actual based on billed	Sales Performance	Collection	Collectibles	Collection Performance	Sales Performance	Collections Pay-out	Q1 Pay-out	Profitability (30%)	Total Pay out less 30% Profitability

Similar to the corporate sales there is an incentive for excess production but it is only applicable to renewal of business and capped at \_\_\_\_\_.

- **Excess Production** - Only applicable to Renewal Business Sales
  - Applicable multiplier is 0.006
  - (Actual Performance - Total Target)\*.006
  - Capped at \_\_\_\_\_ per plantilla across all levels

Renewal Annual Target	Actual Performance	Excess Production	Excess Payout Computation (.006)	Cap Limit per plantilla

According to Ms. Uy, the total SIP payout for consumer sales assuming everyone will reach their target is \_\_\_\_\_.

To conclude, Ms. Uy presented SIP payouts from year 2020 to 2023:

YEAR ON YEAR SALES INCENTIVE PROGRAM

	2024	2023	2022	2021	2020
Target					
Actual sales					
SIP Budget					
Target % SIP Budget					
Payout					
Actual Payout vs Actual Sales					

Mr. A. Go closed the discussion by proposing that the travel be made via Cebu Pacific.

VII. Adjournment

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

Prepared by:

DocuSigned by:  
[Signature]  
ATTY. DANNY E. BUNYI  
Corporate Secretary

Attested by:

DocuSigned by:  
[Signature]  
ANTONIO L. GO

DocuSigned by:  
[Signature]  
LANCE Y. GOKONGWEI

DocuSigned by:  
[Signature]  
CHRISTIAN S. ARGOS

DocuSigned by:  
[Signature]  
BRIAN M. GO

Signed by:  
[Signature]  
ESTHER WILEEN S. GO