

**MAXICARE HEALTHCARE CORPORATION  
MINUTES OF THE EXECUTIVE COMMITTEE MEETING**

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

**PRESENT:**

ANTONIO L. GO  
LANCE Y. GOKONGWEI  
ROBERTO M. MACASAET, JR.  
BRIAN M. GO  
ESTHER WILEEN S. GO  
RENE J. BUENAVENTURA  
MICHAEL P. LIWANAG

**ALSO PRESENT:**

CHRISTIAN S. ARGOS  
MARIA TERESITA A. ESPALLARDO  
JASPER HENDRIK T. CHENG  
JOE MERRITO P. BUOT  
FIONA MARIE L. VICTORIA  
RODELEE UY  
JOSEPHINE LOPEZ  
JOSE PASTOR Z. PUNO  
ANTHONY PEREZ  
ELIZABETH GREGORIO  
NEDINO LESTER CAYETANO  
JERRY PEREZ  
MARK MACAPAGAT  
PAUL PATRICK AFABLE  
TINA ALVAREZ  
BACH JOHANN SEBASTIAN  
JESSE ILAO  
DENNIS OPISO  
KURLEIGH GACUTAN  
ATTY. ALEXANDER ERESE  
ATTY. KYLE BOLLOZOS  
ROCKY DE CASTRO  
MARIA FE AGNES BATUNGBACAL  
MIKE MANRIQUE  
RACQUEL ADORABLE  
IVAN LALUCIS  
JENINA JOY MALAPITAN  
CARYL KOH  
KAREN ALMONTE  
LAURENZ DALANGIN  
ATTY. DANNY E. BUNYI  
ATTY. JANNA MAE B. TECSON  
ATTY. MARY ZOELLI R. VELASCO  
ATTY. JULIE ANN MANGUIAT  
MARIA ESTRELLA GARCIA  
RIZ GAURAN

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

I. Call to Order

Mr. Lance Y. Gokongwei (“Mr. Gokongwei”), 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 previous Minutes of the Executive Committee Meeting dated 22 May 2024.

IV. Reports

i. *Financial Performance*

The financial report of the May 2024 Financial Statements was made by Ms. Teresita Espallardo (“Ms. Espallardo”) as follows:

	Net Revenue	Net Income	Medical Utilization Ratio	Operating Expense Ratio	Net Worth	ATR
Key Metrics As of May 31, 2024	P2.31B 98% of budget FTM	P44.22M 268% of budget FTM	83.18% vs 86.28% budget FTM	12.25% vs 8.98% budget FTM	P1.95B Req: P1.85B	0.9472 Req: .75
	P10.85B 96.74% of budget YTD	P97.77M 180% vs budget YTD	86.37% vs 87.07 budget YTD	9.85% vs 10.34% budget YTD		

As to key metrics with reference to the approved budget for the month of May 2024, the net revenue for said month was 98% of the budget. The 2% shortfall was due to lower income. The Php44.22 Million net income was 268% of the 16.5 million target

net income for May 2024. This translated to a 158% growth from the budget. The total direct costs and other income contributed to better results.

The medical utilization ratio of 83.18% posted 3% points favorably lower than the budget of 86.28%, and this translated to

The operating expense ratio, however, was 3% points higher than the budget equivalent to . For the first 5 months, net revenue was at 3.26% or lower than the budget, which was also due to EMF. Net income was 180% higher than the budget, with net loss of

All other sections of the income statement showed favorable variances, which in total exceeded the shortfall in the net revenue and resulted to a net income of

Mr. Gokongwei noted that the operating expense ratio for May 2024 was very high. Ms. Espallardo clarified that such ratio was because of the advance payment to BCG and the start of provisioning for total accounts given the good results for the month of May 2024.

Mr. Antonio L. Go (“A. Go”) inquired as to what the term “advanced payment” meant. Ms. Espallardo explained that this referred to three-time installment payments. Instead of paying it in June, payment already commenced.

Mr. A. Go requested that payment should be spread over whatever the pay rate should be so that every month will be consistent and avoid confusion. He noted the importance of understanding the spikes in the figures.

It was then reported that the medical utilization ratio for the first 5 months was 86.37%. Ms. Espallardo explained that while this was only about 0.6 percentage points favorably lower than the budget and this translated to a net requirement.

As to Opex ratio, it was just a half percentage lower than the budget which amounted to 91.62% favorable percentage.

Maxicare was noted to be compliant with both the net worth and Acid Test Ratio requirements of the Insurance Commission.

For the other highlights, the total assets increased by or 15.77% compared to 31 December 2023, mostly coming from the increase in short-term investments.

On challenges or key risks, the gap in Net Revenues may continue to grow due to the following:

*On Internal:*

*On External:*

- (1) Stiffer competition in the remaining months due to pricing considerations and aggressive competitors' quotes resulting in New and Renewal Business Hit Rate decline; and
- (2) Recent Data Breach issue may affect also Sales' second half pipeline.

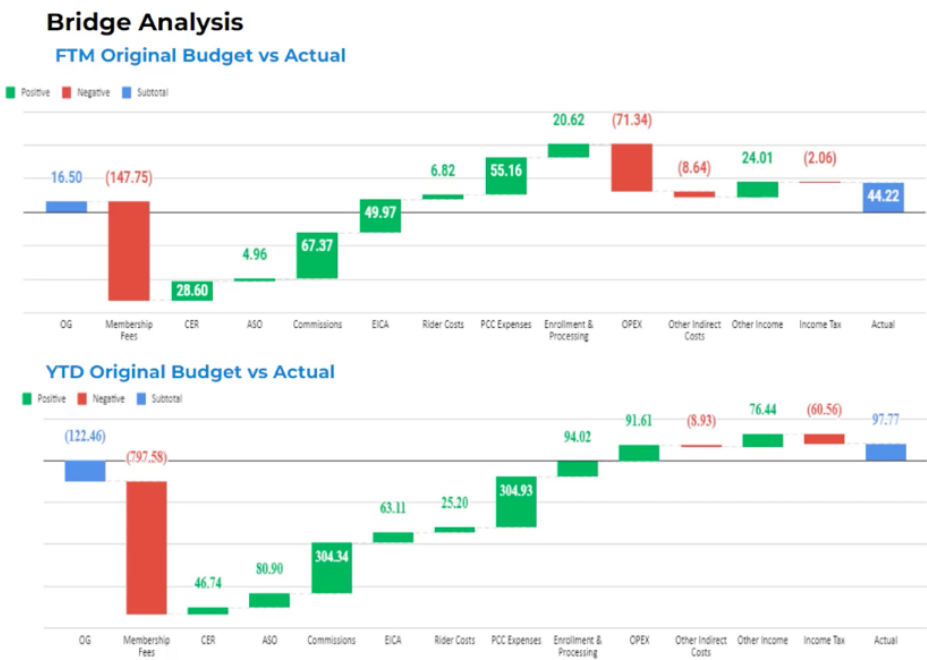
The graphs show the budget results compared to the actual. Hence, from the budgeted net income for the month of May of Php 16.5 Million despite the EMF being lowered by Php 147.75 Million due to lower member count and preliminary costs using the budget that became lower upon appreciation, the favorably lower CDR to the reverses of 2023 provisions along with a slightly higher age for income and the lower commission expenses reduced the shortfall in the net revenue by 2% achieving a 98% total of the budget.

More favorable variances were contributed by the components of the total direct costs. These are the lower EICA, lower rider costs, and lower PCC expenses coming from the lower charges of MHSI and lower credit due to lesser interest.

There were also lower enrollment and processing fees coming from the lower avilment and claims processing costs. Total direct cost was lower by Php 132.58 Million and was the biggest contributor for the improved results.

Total indirect expenses comprising of operating expenses and other indirect expenses show negative or unfavorable impact of Php80 Million mainly due to the earlier payment to Boston Consulting Group, as well as early provisioning of credit. The income also contributed to the better results with a favorable variance of Php24 Million.

More than 50% came from interest income due to increase in investible funds, such that income taxes were higher by Php2 Million because of the higher net taxable income. The presentation below was for the year-to-date comparison where the budgeted year-to-date net income was at Php 122.46 Million, but the actual was Php97.77 Million:



The figures are the same as that of the May 2024 presentation where only the earned membership fees caused the negative impact and the rest have favorable variances, except for indirect cost.

The analysis below illustrates the forecasted versus the actual loss-profit yields:



In the forecasted figures, the percent over budget in the total membership fees was adjusted or corrected because of the three plus nine forecast.

For Forecast 1, the month of May was forecasted to have a net loss of Php108.57 Million and the actual figures was at a Php44.22 Million increase.

Mr. A. Go inquired as to what were the advantages of the forecast. It was clarified that the forecast showed the performance was better than the budget. The figures were lower compared to the original budget for the month of May 2024. Aside from that, there were savings from Opex.

Mr. A. Go asked whether the performance was sustainable. It was explained that the months of May to June 2024 have been foreseen to be better.

Mr. A. Go discussed that he does not want expenses to be hidden and that they should be better reflected over the next months.

It was noted that for savings in Opex, those which were actually used were determined. If still used for the year, it was about Php53 Million.

Mr. A. Go clarified that he wanted to determine whether the forecasting could be improved for accuracy purposes. Further, there should be no unexplained expenses.

Mr. Brian M. Go (“Mr. B. Go”) inquired about the Php53 Million expense. Ms. Espallardo explained that the amount was not spent, but this refers to the amount which the division heads project to spend. The amount was just reallocated in terms of time.

Mr. Christian Argos (“Mr. Argos”) explained that said amount would just be incorporated into the forecast for the future. This illustrates what Mr. A. Go pointed out—that if the amount would not be spent now, it should not be hidden (i.e., timing issues).

Mr. Rene J. Buenaventura (“Mr. Buenaventura”) suggested that for future presentations, the amount should already be indicated to aid in impact determination. Noticeably, there were several undeclared amounts.

Ms. Esther Go (“Ms. Go”) raised the items on IT-security measures and the need for allocation of resources considering the state of Maxicare’s security. Ms. Espallardo responded that once the CTO Office determines the need for security spend, this will be raised to the Committee for approval.

Mr. A. Go replied that there should be a mechanism to “put out the fire” right away such as calling for a special Committee meeting. He emphasized the need for allocation of resources for items involving security measures to prevent any possible damage.

Mr. Argos explained that the damage related to the subject incident has been mostly reputational. In the past week, most of the concerns that the NPC had already been diffused. It was mentioned that NPC shall conduct an onsite audit, which was part

of the process. It was hoped that the case would be closed already after the two-hour session with NPC. Further, the third-party operator of the third-party laboratory would also be present in person during said onsite audit.

Mr. A. Go emphasized that he wants all third parties to come to Maxicare before they contact Maxicare's customers. The customers have very valuable data which should not be accessed by everybody.

He explained that if data could already be touched by unauthorized individuals, there must be a way to make the data invisible for some time or make these only visible for a limited amount of time. This must be done in such a manner that the data would not be compromised.

Mr. Argos further noted that they must be specific on who the PIC<sup>2</sup> was for each data type.

He explained that a complication for Maxicare was it would be perceived to be involved in breaches. For instance, in the event that a hospital had a data breach, it would involve Maxicare's page, its members as the hospital's patients. Since they were the PIC, however, they were accountable for securing said data. The laboratory tests that have been generated in the images were the hospital's. However, because the patients involved were Maxicare's clients, there was a perception that Maxicare was also involved.

Mr. B. Go inquired whether alignment had been done with JGCIT. Mr. Argos confirmed that they will also be joining as resource people to discuss the data breach.

## *ii. Maxicare Sales Performance*

### *Corporate Sales*

Ms. Fiona Victoria ("Ms. Victoria") reported that the team has achieved 104% of its new business and renewal targets, as follows:

#### **Corporate Sales**

**Exceeding Targets: 104.65% Sales Achievement with 15.04% Growth from 2023**

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<sup>2</sup> PIC: Personal Information Controller

	2024 Actual Performance (M)	2023 Actual Performance (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
<b>NEW BUSINESS (NB)</b>	928	894	3.80%	34	751	123.57%
<b>RENEWAL BUSINESS (RB)</b>						
<b>RENEWED</b>	11,667	10,054	16.04%	1,613	11,284	103.39%
<b>DNR</b>	1,851	1,409	31.37%	442		16.40%
<b>TOTAL NB AND RB</b>	12,595	10,948	15.04%	1,647	12,035	104.65%

#### Highlights

- New Business Performance **up by 3.80%** vs same period last year driven by successful acquisition of must win accounts identified in 2023 for CY 24.
- Renewal Business performance **up by 16%** vs same period last year.
  - Renewed Accounts' TCV is **at 103%** vs YTD target heavily driven by pricing adjustments following the pricing standards.

#### Key Risks

- Did not Renew (DNR) accounts' TCV **increased by 31%** vs same period last year
  - DNR TCV accounts for 16% of lost TCV for the running period, driven by very competitive offers of other HMOs, at an average of 30% lower than our renewal quote.

- Total Contract Value

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For new business, there was a 3.8% growth from the same period as of last year and was at 123% performance compared to its year- to-date target of Php751 Million.

These were still driven by the accounts closed in the first quarter of the year.

For renewal, there was still high persistency based on the contract value target of Php11.2 Billion, and there has been renewal at 16% growth vis-à-vis the same period of last year.

For DNR<sup>3</sup>, there have been very minimal DNR for the month of May 2024 and at 31% growth compared to the level of DNRs for the same period of 2023. This accounted for 16% of the overall renewal target of the year.

Mr. Gokongwei raised a query as to whether the 16% growth for renewal was historically a smaller number compared to those under non-renewal.

Ms. Victoria explained that the non-renewal already included one-year members (i.e., created in 2023, but did not renew in 2024) for balance.

Mr. A. Go pointed out that for those accounts that would only lose money, he asked what interventions have been made.

It was clarified that when quoting for new businesses, the utilization data would be assessed, such as, if the account came from competitors.

Mr. Argos shared that in cases of underpricing, steerage may be utilized such as the members may be sent to the PCCs. However, this would not make up for the underpricing.

<sup>3</sup> DNR: Did not renew.



Mr. A. Go inquired as to what should be done for those contracts with a one-year term. He further asked whether such term was effective. He suggested to involve the sales people and make them responsible for these matter.

It was discussed that certain parameters were identified – first, if the account had multiple sites, a deep dive would be done to determine the peak of availments. Normally, this stage does not happen across all sites and there were certain drivers of utilization in terms of location and which hospitals were being accessed. In such case, direct steerage was done. There were also certain drivers related to specific matters, such as animal bites, which becomes the members' number one utilization. In said instances, an initiative specific to animal bites would be done. Specific decisions were undertaken to address each of the drivers of utilization increase. Sales was tasked to do such review with HNM or the Utilization Management Team and then ultimately with Operations to execute. In sum, all aspects were cross-functional.

Mr. B. Go asked how often this review was conducted. Ms. Victoria responded that for key accounts, a monthly utilization review was done. For general corporate sales, a minimum of a quarter's worth of utilization. Steerage campaigns were likewise subsequently done.

Mr. A. Go noted that since the process was purely computerized, he asked whether the initiative should be done more often for those accounts that were profitable. Ms. Victoria responded that the same was already in progress and that the top accounts were already being monitored. Those with loss ratios have also been identified. Mr. A. Go requested to send an email to advise the concerned persons regarding such process. It was further narrated that the process before was just the rendition of a utilization report because it was part of the service level development. Mr. A. Go emphasized the need to monitor the increasing accounts.

Mr. Roberto Macasaet, Jr. ("Mr. Macasaet") clarified whether the renewed accounts' TCV<sup>4</sup> year-to-date increased by 103%, while the DNR<sup>5</sup> accounts' TCV increased by 31.37%. This was confirmed.

Mr. B. Go sought clarification on the figure of 31.37% growth for DNR accounts. Ms. Victoria explained that part of the Php11.2 Billion target was the loss of Php 1.8 billion already for this year. As compared to the DNR performance last same period, it grew by 31%. The loss was only Php 1.4 Billion. The actual loss to competitors was in the amount of Php1.8 Billion.

Mr. Gokongwei asked that if for instance an account was lost in October 2023, what would be recorded for the 2024 DNR, would it be the balance of the year?

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<sup>4</sup> TCV: Total Contract Value

<sup>5</sup> DNR: Did Note Renew

It was confirmed that the balance would not be recorded anymore and that it would already be part of the Php11.2 Billion. The TCV for January to September was no longer recognized.

Mr. Gokongwei continued to inquire whether the DNR of 1.8 million meant that it was from the months January to May the accounts were not renewed such that the future value would have to be calculated so everything lost in December 15th 2023, meant that it was already lost for 2024 as well. This was confirmed by Ms. Victoria.

He noted that this would be the same for new business and for renewed business in that it would start this period in the fiscal year and in 2025.

Mr. A. Go explained that what he was concerned about was that if the increase of headcount was done, that meant that the cost per transaction and employee would be higher.

Mr. Gokongwei inquired as to the actual enterprise members. Ms. Victoria answered that the numbers were at 1.701 Million. Mr. Gokongwei asked whether executive check-ups were included in that number and which was confirmed. He then inquired about the full HMO products to which Ms. Victoria responded that it was corporate which was at 1.3 Million. He asked what the figures were in 2023 and it was reported that it was at 1.4 Million and that the loss was at 130,000. Mr. Gokongwei suggested that there should be a way to track these figures in the report.

Mr. Buenaventura inquired whether most of the DNR would be considered as profitable accounts. Ms. Victoria discussed that the DNRs were composed of both gaining and losing accounts. 98 Million negative CM came from the high loss ratio accounts. On the other hand, 100 Million came from healthy accounts. In sum, there was a net 2 Million CM for the whole 1.8 Billion DNR.

Mr. Gokongwei noted that said figures reflected that the same were profitable on a marginal basis, but not on full allocated cost.

Mr. Buenaventura raised that even if sales showed profitability, there may still be a need to reprice upwards.

Ms. Victoria continued to report on premiums surge:

Corporate Sales  
Premiums Surge: New Business up 44% and Renewal Business Up 30% Per Capita

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

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

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

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For the breakdown of new business, while an increase in the number of new accounts transitioned to Maxicare had been observed, there was a 27% decline in the number of members. Taking a look, however, at the premium per capita offered to these new accounts, it actually increased by more than 40% for this year. This was to account for the request of Mr. A. Go to allocate certain portions of the premium for transactional cost.

For renewal business, there was also a decline by 13% in terms of the number of renewed accounts and the same 13% decline on the number of renewed members. However, there was a 30% increase in premium per capita, which was close to 18,000 per capita this period.

For DNRs, the per capita was lower than the renewed accounts which averages 18,000 per member. The premiums of lost accounts were only at 13,000 per head.

Ms. Victoria further reported on the summary of the major accounts closed for the month of May 2024:

Corporate Sales  
New Business Accounts are priced to meet CM requirements and enthusiastically adopt PCC for sustainable program success

Major Accounts Closed/Acquired  
MAY 2024

EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Previous Provider	CM	REASON FOR CLOSING
31-May-24						
12-May-24						
1-May-24						
1-May-24						
15-May-24						

Note: Additional from last Excom of NB accounts Php5M and above.

The accounts were mostly small and medium enterprises (“SMEs”) and majority or all of these were based on sites where there were PCC locations (

For renewal business, they continue to be priced according to the Pricing Standards. They were able to renew based on the approved pricing CM. For ASO accounts, they were also able to renew the biggest accounts. The biggest renewed accounts this month were

Corporate Sales  
May Renewal Accounts continue to be priced according to Pricing Standards

Major Accounts Renewed  
MAY 2024

EFFECTIVE DATE	ACCOUNT NAME	INCREASE	ENDING LR	NEW CM	2024 TCV WITHOUT VAT	HEADCOUNT
05/20/2024		27.00%	93.00%	17.00%		5,920
05/10/2024		ASO	ASO	7.00%		15,487
05/09/2024		41.00%	98.00%	18.00%		2,981
05/15/2024		8.00%	68.48%	22.50%		1,281
05/16/2024		ASO	ASO	12.00%		2,750
05/01/2024		46.00%	78.28%	18.00%		964
05/01/2024		10.00%	44.67%	50.00%		1,462
05/15/2024		54.00%	79.88%	20.12%		1,440
05/31/2024		26.00%	93.44%	20.00%		704
05/01/2024		39.00%	103.70%	17.00%		302
05/01/2024		4.00%	74.47%	18.37%		596
05/18/2024		ASO	ASO	10.44%		1,121
05/07/2024		15.00%	81.74%	18.00%		1,264
TOTAL						36,272

Note: Additional from last Excom of RB accounts.

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Mr. Gokongwei inquired which was better – ASO at 12% CM or regular account at 18% CM. Ms. Victoria explained that it is more of ASO at 12% as long as the NAV and the claim standing fee amount was more than CM per head.

Mr. B. Go sought confirmation on whether ASO was looked at more on an absolute peso per capita and for computing based on projected claims.

For assets, what was ideal was that the ASO requirement and full risk requirement was aligned to \_\_\_\_\_ and above CM per head.

Mr. Gokongwei requested management to determine how to present the computation for the ASO such that it was simplified into absolute amounts.

Mr. A. Go inquired whether enough funding has already been corrected with rebalance for some of the ASO accounts. Ms. Victoria confirmed that the initial fund and revolving fund, including the threshold limits were already being computed. Mr. A. Go was asked how many ASO accounts were still in a negative position and that this should also be presented.

Ms. Victoria further reported on the DNR Accounts for the month of May, viz:

**Corporate Sales**  
**Pricing and renewal dynamics continue to shape SME outcomes**

**DNR (Did Not Renew) Accounts**  
MAY 2024

Effective Date	COMPANY NAME	Reason for non-renewal	Chosen Provider	Years with maxicare	MLR	CM	INCREASE	2023 HEADCOUNT	2023 TCV WITHOUT VAT
16-Jun-23					93.00%	18%	33%	350	
1-May-23					99.00%	18%	40%	204	
15-May-23					167.00%	20%	122%	218	
16-May-23					89.00%	20%	32%	168	
1-May-23					124.00%	16%	70%	140	
15-May-23					145.00%	20%	145%	155	
1-May-23					102.00%	21%	27%	128	
1-May-23					81.00%	18%	13%	155	
1-May-23					108.00%	51%	56%	107	
15-May-23					133.00%	20%	37%	176	
20-May-23					84.00%	16%	91%	130	
5-May-23					89.00%	20%	29%	131	
15-May-23					99.00%	17%	35%	101	
24-May-23					134.00%	20%	59%	139	
4-Sep-23					80.00%	20%	144%	51	
15-May-23					45.00%	48%	0%	44	
28-May-23					105.00%	18%	52%	19	
24-May-23					134.00%	20%	59%	2	
TOTAL								2,428	

Note: In Red are additional from last Excom of DNR accounts Php9M and above.

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Most are also SMEs with an average loss ratio of 105% and above. The increases were also very high and the ability to cover these increases also impacts the decision of the SMEs.

For the gain/loss report, the highest gain in net gain would still be Etiqa at Php404 Million:

Corporate Sales

No additional losses to Intellicare and Icare; Q1 experience drives the year-to-date gain/loss report

Gain/Loss Report

MAY 2024

Highest Gain						Highest Gain and Net Gain: <b>Etiqua at 404 M</b>
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 Loss:						Highest Loss: <b>Intellicare at 408 M</b>
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%	
1-Feb-23			216		146%	
15-Feb-23			88		80%	

Highest Net Loss:						Highest Net Loss: <b>iCare at 388 M</b>
EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Chosen Provider	LR	
1-Jan-23			7,899		118%	
1-Jan-23						
1-Apr-23			23,529		95%	

Ms. Victoria noted that for the gain loss report, all of the drivers were still based on Q1 performance and no change was seen for April and May 2024. For the same period, 4 accounts were lost while 4 smaller accounts were gained from Etiqua.

The highest loss was to Intellicare amounting to P408 Million, the key driver was ;, a major account which was lost in 01 January 2024.

The highest net loss was to iCare at P388 Million. No accounts have been acquired from iCare. On the other hand, the biggest account recently lost was

It was shared that efforts were still being done in trying to align with AIA on servicing requirements and reporting for BPI.

The Committee discussed that since AIA is a competitor, so at some point, they will try to keep the business in-house.

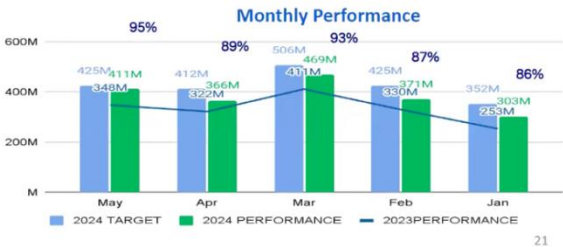
Consumer Sales

Mr. Rodelee Uy (“Ms. Uy”) reported on consumer sales. She summarized that from January to May, a 90.38% target achievement with a 15.03% target Year-on-Year growth was posted:

Consumer Sales  
May 2024 Sales achieve 90.38% of target with 15.03% Year-on-Year Growth

	2024 Actual Performance (M)	2023 Actual Performance (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
New Business	682	568	20.17%	114	845	80.69%
Renewal Business	1,233	1,098	12.37%	136	1,274	96.81%
Consumer Total	1,916	1,665	15.03%	250	2,119	90.38%

- SME Gain & Loss
  - Highest Gain Fresh Accounts at 191M
  - Highest Loss None at 107M
  - Highest Net Gain Fresh Accounts at 191M
  - Highest Net Loss None at 107M



The steady increase in the performance can be noticeable for both new business and renewal business. For new business, Maxicare was able to achieve P682 million which was a 20.17% growth. If compared with last year, only 86.69% was achieved.

Renewal business was at 1.2 Billion, which was a 12.37% growth vis-à-vis last year’s performance. 96.81% was achieved versus target. The new pricing was been recently implemented for Maxicare Plus therefore, some of the DNR accounts were being recovered for the past months.

The SME gain and loss report reflected the same result. Most of the gains came from fresh accounts, whereas the highest loss came from SME’s who had difficulties with their budgets and opted to cancel their HMO coverage.

There were two major factors affecting the performance from January to May 2024. Most of the box type products were sold by agents. The increased premium and the discreditation of hospitals stalled the performance of the agents. For renewal business, the new policy of accounts was transferred to corporate due to increased utilization and affected the renewable persistency as well.

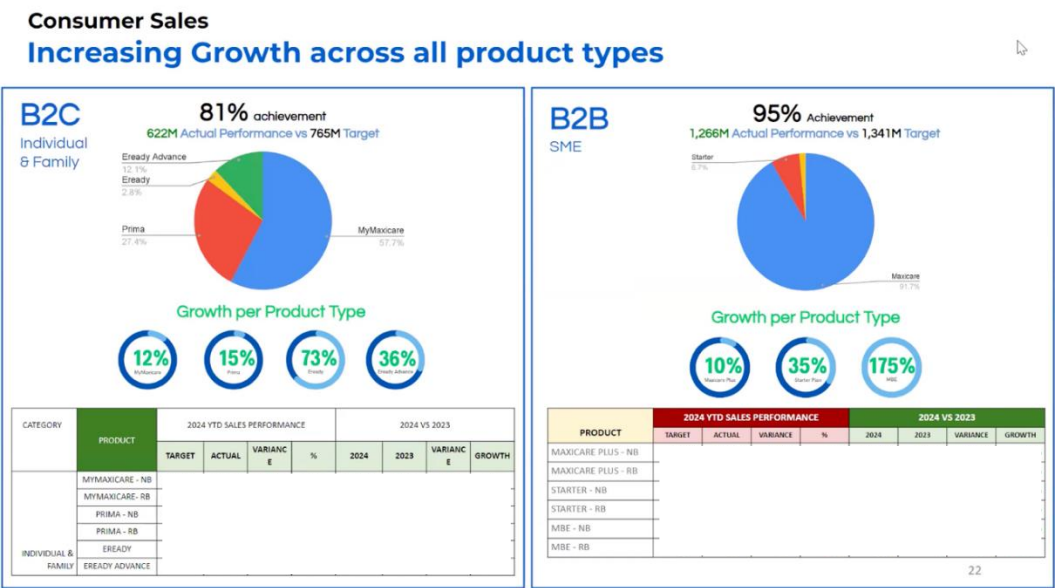
Mr. B. Go raised a query as to how many were the new members vis-à-vis the additional costs collected per member (in that the fee and premium were raised).

Ms. Uy reported that the average increase for box type products was at around 10% when it was implemented last January 2024. For Maxicare Plus, it was at 15% which would be implemented in June 2024. The 15% would also have an increase in the number of heads.



Mr. A. Go noted that 15% was very low in terms of price increase for the members. Mr. B. Go sought confirmation whether the members increased at around 5% and which was confirmed to be a approximately correct.

Mr. A. Go inquired as to what actions should be taken. Mr. Argos discussed that because of the price increase, the edge of affordability for SMEs to provide the benefit was affected. He noted that the self-service tools must be balanced with the ability to steer into the PCC and incorporate product design with self-service. The 2025 road map should consider where the PCCs should be in relation to SMEs. It was noted that it was a combination of network product design and road system.





It was further pointed out that there seemed to be a market where Maxicare was not competitive. It was suggested to design a style product which was preferred by employee unions. It was noted that there was a preference to have in cash than to have HMO with

Mr. Macasaet likewise reported that most of the sales came from agents. He inquired whether they were provided with selling tools to reach out to the market. Ms. Uy explained that a partners management training was conducted where the agents were oriented. The Sales Team also teach them how to target clients.

It was further discussed that there were roughly around 4,500 agents. Said agents sell individual products, full risk products, and corporate products. When they face the client, they have to be ready with different products depending on the client’s needs. There was likewise an accreditation process.

The following slide was shown:

Consumer Sales

31.5M OGSM Product performance from SME Accounts (April-May)

Type of Business	Accounts	TCV
NB		
RB		

Note: RB Accounts may have previous coverage of Dental, DHIB, GL ADD & D and Premium network

Initiatives:

- Inclusion of GL ADD&D, DHIB, Dental and Premium Network to Initial proposal
- Increased the limit/ benefit for GL ADD&D, DHIB Dental
- Increased ABL/ MBL push for accounts under RB who's been with Maxicare for 2yrs up

OGSM PRODUCTS	# OF ACCOUNTS	TCV
MATERNITY OUTRIGHT BENEFIT		
NB		
RB		
DENTAL BENEFIT		
NB		
RB		
ABL/MBL		
NB		
RB		
DAILY HOSPITAL INCOME BENEFIT		
NB		
RB		
GL ADD&D		
NB		
RB		
CRITICAL ILLNESS BENEFIT		
NB		
RB		
EXECUTIVE CHECK UP		
NB		
RB		
INTERNATIONAL SOS		
NB		
RB		
PREMIUM NETWORK		
NB		
RB		
TOTAL		

23

Mr. Michael Liwanag (“Mr. Liwanag”) inquired as to who among the agents were not earning commissions. Ms. Victoria explained that the non-receipt of commission provision was for external agents or brokers. There have been accounts that went direct, or accounts which were negotiated for lower brokers fee so the provision for future amounts were reduced. A clarification was made whether for the Corporation’s Sales Team SAP was a component of the performance, hence, as of Q1, since they were above target, they would be able to receive the provisions.

In response to Ms. Go’s query, Mr. Argos discussed that they do not have a launch plan yet. The first thing that must be done was to review the cost of the PCC which was currently being done by Ms. Josephine Lopez and supported by BCG. They were revisiting how everything was to be cross-allocated in the PCC and how to

subsequently price a landlocked procedure. Afterwards, product launch planning can commence.

It was shared that Prima Silver was taken off the market because it would be relaunched under MHSI. The concept was that it should be digital first. All the payments should be done through the application so that operations were not disrupted in the PCC.

Mr. A. Go instructed that headcount should be shown as a minimum requirement for reporting.

iii. OGSM Updates 1:19:47

As to OGSM updates, it was reported that roles, responsibilities and KPIs have been defined after a successful OGSM kick-off last 05 June 2024:

**OGSM Implementation**  
**Foundation Laid: OGSM Structure Established, Now Focused on Alignment and Agile Execution**

Overall Status

- Clear Path Forward:** Defined roles, responsibilities, and KPIs after a **successful OGSM kick-off** on June 5
- Stakeholder Alignment:** Key stakeholders onboarded and aligned on strategic objectives and priorities
- Agile Execution Plan:** Prioritized commitments per workstream with agreed high-level KPIs for focused execution; management dashboard to be finalized **(for July Excom presentation)**
- Accelerating Momentum:** Expediting execution to leverage structured foundations for optimal outcomes

As to stakeholder alignment, key stakeholders were onboarded and aligned on strategic objectives and priorities. All of the work streams were on track based on their respective bases. For products, all 8 prioritized products were on track. For PCC expansion, 2 PCCs were already in operation, with 4 PCCs targeted to be completed by the end of August.

For partners and networks, initiatives were launched on time. However, there was still room for improvement in terms of identifying a healthy pipeline of project partners.

For processes and systems, identified OGSM technology initiatives were on track, though systems mapping must still be conducted to understand how to better support all OGSM workstreams.

Lastly, for organizational transformation, recruitment targets were on track.

Products

For products, Maxicare sales were reported as follows:



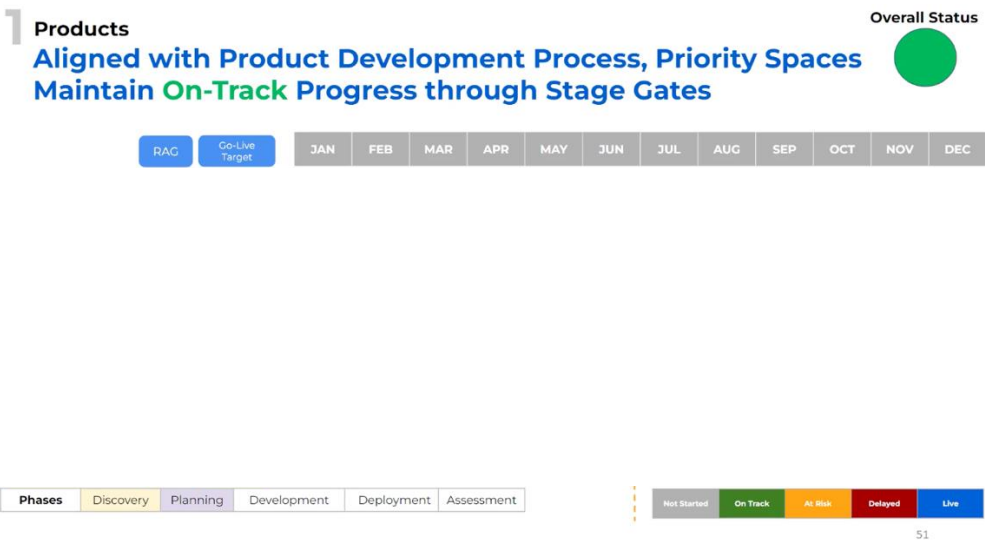
As of 10 June, Maxicare sales generated Php58 Million net of that in revenue from the 17 Ready Now products that were launched in sprints from March to May 2024.

The reforecast targets of the Ready Now products were projected to commence fulfillment in July 2023. However, Maxicare Sales was yet to manage, acquire, and renew accounts incorporating these OGSM products.

The averaging pricing CM was at 19.96% or more than the targeted CM of 18%.

The premium network product which was under Sprint 3 generated the biggest revenue, that is, the product has access to major hospitals. The biggest revenue was Php20.9 Million which came from the consumer sales with about 70% coming from renewals. Out of the 17 Ready Now products, the 11 products have realized revenue as of 10 June.

The status of the remaining OGSM products set to launch this year was on track. Overall, 8 out of 10 were presently in process:



The [redacted] were scheduled to launch on [redacted] and these 2 products will be presented to Committee in July 2024, along with the Preventive Care, which was scheduled to be live on 02 September.

The product design, GTM, and critical technical product metrics will also be presented next month for final approval prior to launch.

It was reported that one milestone was achieved. It was the 20 June pilot run of the Maxigroup immunization which included [redacted] employees and dependents. As for JG, the [redacted] would be on [redacted] with a total of [redacted] employees.

The [redacted] product was planned to be launched in [redacted] alongside the [redacted] product. The [redacted] will also be presented in [redacted] for final approval.

Mr. B. Go asked about the medicine product. It was explained that the medicine product involved the product design which was a discount from [redacted]

Mr. B. Go further clarified whether the medicine product was specific to certain diseases or if it involved across the board diseases. It was confirmed to be the latter.

[redacted] was given the top 100 products and efforts were made to await [redacted] final recommended discount.

The other remaining ongoing products which were scheduled to be released in [redacted] will also be presented.

Updates on PCC expansion were then reported.

*Partnerships*

For the updates on partnerships, discussions were made to gain traction on ‘

Some initiatives have already been launched, particularly on the MF8o for LOA Issuance which was successfully deployed and operationalized MF8os in all pilot 8 identified branches in an as of June 21.

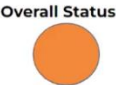
The Run for Wellness was also successfully deployed.

In sum, the updates on partnerships were reported as follows:

3

Partnerships and Networks

Progressing initiatives gaining traction; to expedite implementation of other partnerships



Mr. A. Go noted that one of the selling points was the

It was reported that the move was to continue to have other partners in the pipeline. The aim was to support the OGS products, HNM, and sales.

Mr. A. Go raised the need of

The below graph shows that overall 2024 MIS savings driven by lower negotiated rates and additional services beyond the Investment Memorandum:



This mainly showed the 2024 Maxigroup savings coming from the commercial negotiation between [REDACTED]. It also showed the variances between the different key figures coming from the original location down to the latest pathway from [REDACTED].

It was explained that the original quotation was given by [REDACTED]. The budget was the one approved, and the Investment Memo was the one requested from the TTC, which arose from the proof of concept ("POC") that was performed with [REDACTED].

The best and final offer figures pertain to the latest commercial figures that have been gathered from [REDACTED]. On the other hand, the forecast column was based on the contract documents received from [REDACTED]. It was just a difference on when payment could be made.

From the quotation, there was a significant decrease compared to the budget Investment Memorandum. From the Investment Memorandum and comparing it to the best and final offer from [REDACTED], there was a significant decrease coming from the negotiated discounts. Apart from that, there were also additional services that were taken coming from the POC.

There were a couple of items and products that were added i.e., [REDACTED] and [REDACTED] which were not originally part of the scope.

A [REDACTED] was explained to be a solution recommended by [REDACTED] that would accommodate printing requirements. There were also requirements for sending the invoices via email to customers.

This would standardize the formatting without having to manually produce the invoice.

Ms. Go asked if this aided in document preparation and not printing, which was confirmed by Mr. Argos. He explained that this would assist in designing the document. Ms. Go noted that this was akin to rendering reports.

Ms. Go inquired if the cost was flat or does it depend on the number of users. It was clarified that it based on the number of users.

Ms. Go further inquired what were the costs for the providers. Mr. Argos recommended to provide the breakdown of licenses because on the portal side it was not based on the number of users, but by features. For instance, for internal users it would be based by person. Mr. A. Go raised that every supplier would have their own terms, so it is important to understand these matters.

The slide below showed the 5-year figures. There have been minimal savings achieved over the 5-Year Implementation due to additional services:



There was a \_\_\_\_\_ variance between the Investment Memorandum and latest graphs. This did not however include the additional solutions which were priced at around \_\_\_\_\_ a year.

The Maxigroup MIS Cash Flow was reported as follows:

4 Process and Systems  
Maxigroup MIS Cash Flow

Project Cash Flows (in million \$)	2024	2025	2026	2027	2028	2029	Total
<b>Cost of Investment</b>							
Project Investment							
Overlap Costs (OPEX)							
<b>Cost Take-out</b>							
Cash savings from old systems							
Cash savings from SAP							
Consultancy							
<b>Improvements and Benefits</b>							
Working Capital Finance Cost							
Productivity Improvement & Cost Savings							
<b>Incremental Income Tax</b>							
Project Free Cash Flow							

73

Overall, it was reported that there has been a positive cash flow.

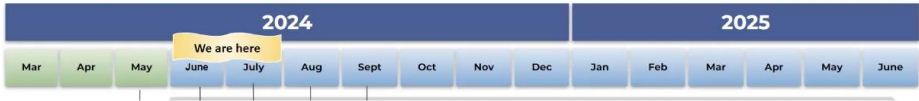
The figures were negative for the first 2 years, but productivity savings will come in the 3rd year.

At the end of 5 years, it was projected to be achieved.

Mr. A. Go requested that the project cash flows be converted into Philippine Pesos. This was also requested for future reports.

The following was reported in relation to MIS Program updates:

4 Process and Systems  
MIS Overall Project Updates





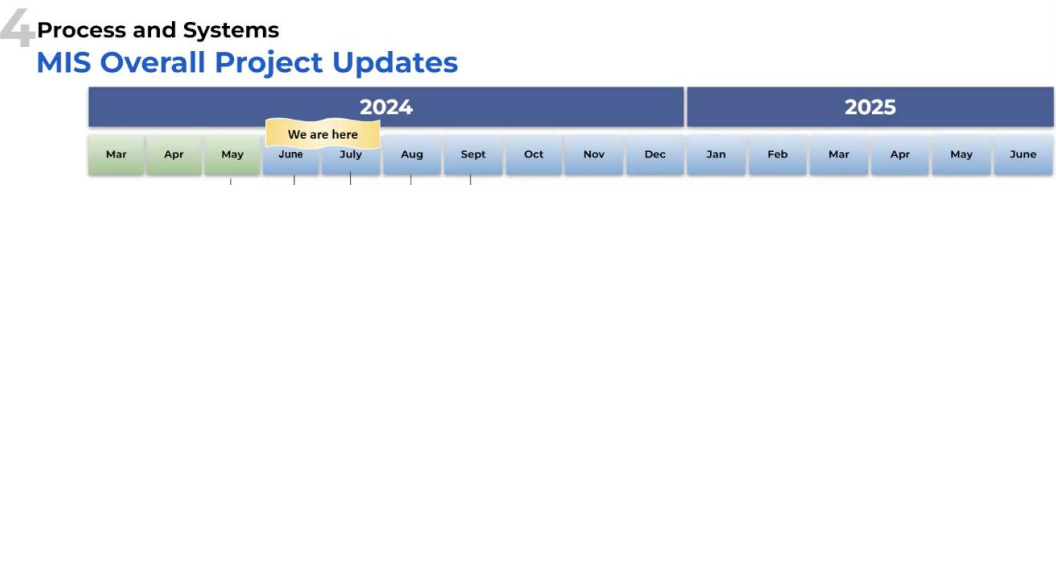
Overall, both projects were on track to complete the solutions confirmation. For Maxicare, the project was kicked-off in early June and there have been technical and project management sessions with infrastructures.

By next week, there would be a session with different business subject matter experts. The solutions confirmation was expected to be completed in 3 months and the output would be a full documentation of the future state design requirements of Maxicare which would undergo certain approvals.

Mr. Argos explained that there would be certain things that would be already automated from enrolment to claims and servicing. Hence, this was not just finance-based as not only financials were used. It was the insurance specific module for MaxiLife and healthcare specific module for specialist situations (i.e., Managed Care.)

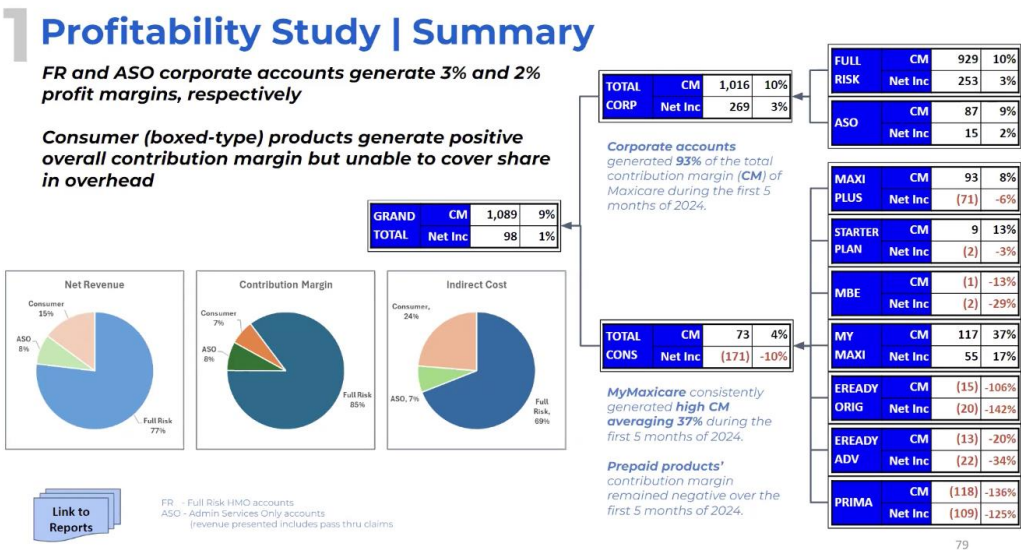
Mr. A. Go stated that there should be expected delays, especially on transition. There must be an allocation in respect of such matter. Ms. Go raised that the consumer product should be used more in the future. Mr. Argos explained that it would depend on the product.

As to the solutions confirmation for the first product, it was reported that the same would go live by September 2024 and the next couple of products would go live by October 2024.



iv. Special Topics

In the April Committee Meeting, it was requested that the FR<sup>6</sup> and ASO<sup>7</sup> corporate accounts be included in the profitability study, hence the report below:



Previously, it was only analyzed on a surface level. Thus, the consumer products would be priced almost the same, but the overhead percentage was not really balanced.

Mr. B. Go explained that the next step should be to assess automation, and what the cost would be with automation.

The good thing about it was that there was a baseline and this was already carried. Hence, when products would be added, which were largely beyond the consumer side, a proportionate increase in overhead was not expected.

The overhead allocation was presented as follows:

## 1 Profitability Study | Overhead Allocation (1/2)

There was a : involved in the allocation. Presenters that were servicing internally have been identified and those that actually have touch points on the products or accounts.

The allocation involved a where there were already assigned drivers for each of the major divisions with touch points on the profit center for the accounts or products. It was explained that the drivers were at division level for now.

By June 2024 and moving forward, it should be on another level. Some of the divisions would then have more allocation for the same operations which were worked on for June 2024 with different drivers for the specific activities.

The major differences were presented as follows:

## 1 Profitability Study | Overhead Allocation (2/2)

There was a difference that was created in Opex ratio, mostly from the corporate and consumer sales overhead.

Mr. Argos discussed that this will be addressed by looking at the sales channel for each of the products and rationalizing the product design. The Corporation would start with the MyMaxicare products and prepaid products to simplify these so that resources could be reallocated to corporate sales. He further noted that this was an opportunity to automate. This required certification of the products and reassessing the channels, then shifting to corporate.

Mr. Gokongwei inquired whether in the interim Maxicare would still be selling the products. It was explained that the products left are and

Mr. Gokongwei further inquired whether was profitable. It was stated that it was profitable and has a contribution mark. It was however, that was not profitable.

ASO profitability was then discussed. Mr. Argos explained that the ASO process has been developed to a degree where it can be improved further. In OHI, there were two features that would provide improvements. Execution can be made within the system without the workarounds of a hybrid setup or a benefit that was full risk. Movements have also been made in reserving a method for debiting the revolving fund. An LOA issuance could be reserved moving forward, and there specifications were in place.

Mr. Argos further explained that revolving funds per corporate accounts were tracked and tighter measures had been implemented in terms of collection. This was why the cash balance was creeping up. It was a work in progress in that it was not completely solved, but there were additional proposals.

There were still cases where the ASO portion already has a negative fund. Generally, what was being executed was the concept of reserving. Until there was reserving, there will always come to a point where the current system cannot handle everything. Mr. Argos suggested that they just move forward instead of exerting energy in fixing and doing point solutions.

It was explained that they were currently focused on refund suspension, not the proactive side, but the reactive side of the connection problem. Management has also required provisioning per account moving forward. These point provisions will be dependent on the account's historical collection performance and was included on the basis of profitability.

v. *Data Breach Response Team and Service Recovery Updates*

Mr. Argos discussed that the data breach would be tackled in 3 sections:

- (1) Description of what happened;
- (2) What has been done to address and contain the risk; and
- (3) Conversation about the long-term intervention and actions needed to correct the matter on a long-term basis.

He reported that an email was received last 13 June 2024 which was addressed to several officers of Maxicare, *to wit*:

Good day Maxicare Philippines!

We are "OPCODE-90". A not-so-known group of Red Team Operators.

We wanna make this short and simple.  
We have some bad news and good news for you.

The bad news is, due to some weak security practices of many of your employees, we were able to gain access on your LabAtHome instance (<https://maxicare.labathome.ph/>), which then led us into dumping all of your records there. That includes the information of the "Lab sender" and your "Clients (Maxicare Members / Card Holders)".

Let us clarify, the "[labathome.ph](https://maxicare.labathome.ph/)" platform is secure, its just that, your staff have bad security practices. So basically, all of these, are on you, on Maxicare.

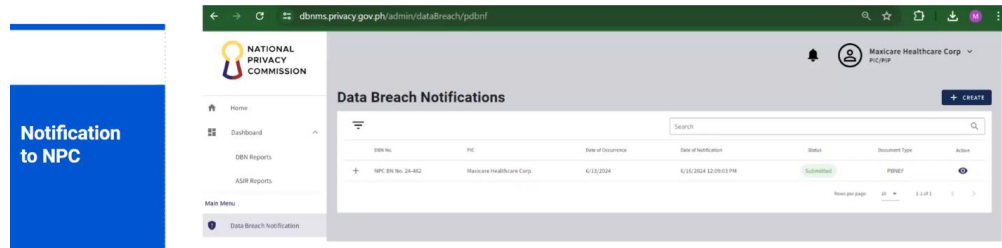
Total records exfiltrated:  
- 22,800+ Maxicare Lab Details and Maxicare PII (Personally Identifiable Information)

Due to the email, the officers conducted a 72-hour reporting after the email was discovered. Mr. Argos discussed that they were not sure if the breach was confirmed or not, hence they had to trigger an investigation. The purpose of the 72-hour reporting was to conduct validation measures.

## History and Sequence of Events

Ken and Ned

- NPC report was uploaded in the portal last **June 16, 2024**
- As the investigation on the part of Maxicare and Lab At Home, Inc. is ongoing and Maxicare requested the National Privacy Commission to allow us to continue our investigation and provide us with an extension and make our motion for reservation to secure accurate evidence to be submitted in our amended notification.



Once the breach was reported, Mr. Argos explained that they created a cross-functional team to investigate, viz:

Maxicare recently detected and mitigated a security incident which impacted the third-party platform of the homecare provider, Lab@Home. Maxicare and Lab@Home immediately launched an investigation together with a team of data security professionals and in partnership with an industry-leading cybersecurity firm. With internal and external cyber security experts mitigations and isolations have been implemented as part of the incident and breach response.

As immediate measures, the PIC<sup>8</sup> implemented the following:

- (1) Immediately from the knowledge of a probable incident convened several meetings, management created a Breach Response Team to discuss and conduct a preliminary investigation.
- (2) Secured immediate assistance of a cybersecurity company providing cyber security services in the conduct of an investigation.
- (3) Lab@Home, Inc.'s (third party) system was deactivated and their scheduling system was taken offline.
- (4) The user credentials of all Maxicare frontliners, including outsourced resources, were reset across 7 different systems (Active directory, GSuite, VPN, Payorlink, SFDC, SAP, Genesys). Moving forward, the recent investment in the new SSO platform will make this easier to execute since all systems will be integrated in the new SSO platform.
- (5) Reset Lab@Home, Inc.'s server and database
- (6) Reset all admin and agent passwords
- (7) Deactivate all administrative and agent access to Lab@Home, Inc.'s system
- (8) Reset all Maxicare resources google workspace passwords
- (9) Reset all Maxicare resources PC and ad account password

<sup>8</sup> PIC: Personal Information Controller

- (10) Replace all Maxicare card numbers and Maxicare cards of alleged affected members
- (11) The breach response team from Maxicare and Lab@Home, Inc. had another alignment meeting to fortify the remediations done, provide updates on the investigation, and discuss further the next course of action to deter any similar occurrence.

The threat was that USD 18,000.00 must be paid in Bitcoin so that the data would not be exposed. The 22,800 records mentioned in the email were included as an attachment in zip file version.

Mr. Argos further explained that there was only one account involved because of the certificate. The logs showed that the account belonged to an employee who logged in and manually searched for all Maxicare bookings. The information extracted was only what was displayed in the front end and there was some automation involved because each record was displayed for a few seconds only.

There were logs that were shown to NPC and a limited subset of information was extracted (i.e., name, number, email address, company, birthday and gender of over a thousand accounts.) The information, however, pertained to the individual and not the account.

There were 13,000 individuals employed across 1,000 different taxpayer accounts. For instance, Accenture was one account out of hundreds of thousands of accounts because they were a big user under Alagang Maxicare of the PCM for funneling.

It was further reported that there were 13,870 people who use Lab@Home. They were able to clearly show with the logs and provide evidence that there was no vulnerability on their end.

Maxicare Service Recovery Team											
Headcount (total of 13,471)											
Principals						Dependents					
Active		Inactive		Total		Active		Inactive		Total	
Email Sent	Email Failed	Email Sent	Email Failed	Email Sent	Email Failed	Email Sent	Email Failed	Email Sent	Email Failed	Email Sent	Email Failed
5,499	98	1,103	43	6,602	141	5,682	62	948	27	6,630	89
Total Active						Total Active + Inactive				13,462	
				Principals		1 - No records found for Medilink # and Name of the member for this account					
				Deps		*1168011062414508 - Dolly Blanca					
Total Inactive						1 - Old medilink #, please refer to new Medilink # 1168011107671102 due to replacement				4	
				Principals		*Row 8164					
				Deps		1- No records of Active Account - Lab@Home					
Total Active + Inactive				13,462		*Row 8196					
						1 - Duplicate entry - please refer to 1168011110301408					
						*Row 8448					
Total Emails successful				13,232		Validated				13,466	
Total emails failed				230		Test Data				5	
Total emails sent				13,462		Total				13,471	

une 26, 2024

ata Research Service Recovery Team Report

Mr. Argos pointed out that the data breach was a phishing attack.

Ms. Go then suggested to implement a two standard authentication which required a one-time password (“OTP”). Mr. Argos noted that the OTP would minimize the risk, but not necessarily eliminate it. He pointed out that there were financial apps that require an OTP like GCash, yet money still get extracted from vulnerable individuals. Further, Mr. Argos explained that what was involved was a third-party application over which they did not have control. When similar scheduling systems were investigated i.e., Medical City and St. Luke’s – none of them employ multifactor authentication.

In this particular case, Mr. Argos discussed that his personal opinion was that Maxicare was not the Personal Information Controller (PIC). The PIC was actually Lab@Home, but the consensus of the teams was that Maxicare was the PIC, hence, they were the accountable persons for the information and should be the primary reporting party to the NPC. Management took the side of caution and this was debatable because in the future, it might have nothing to do with Maxicare, but with a third-party system which scheduled directly with Lab@Home.

Nonetheless, Mr. Argos discussed that they reported within the time frame of NPC as there was evidence that the nature of the breach was a phishing attack. There was further evidence to substantiate the exact number of records accessed. The evidence also substantiated the data that was extracted and was limited to what was sent out.

It was noted that the Lab@Home system was not connected in any way to Maxicare’s system, Payorlink, SAP, SFPC. The system was completely independent.

The Maxicare employee who logged in and collected the data turned over her laptop and phone. According to Mr. Argos, there were three scenarios:

- (1) She was involved somehow and/or was the perpetrator;
- (2) She was a victim of a phishing attack; and
- (3) There was malware in her computer.

It was not conclusive whether the Maxicare employee was the perpetrator because the logs showed that her device was not used to log in at the time the breach happened.

First, the CrowdStrike reports in the logs were checked and it did not seem that the Maxicare employee was the one logging in, at least from her own devices.

Second, the Maxicare employee’s emails were scanned to check whether there were any phishing emails.

Third, the Maxicare employee’s laptop was quarantined and not connected to the network for forensic investigation. It was found that there were a few unauthorized programs, but no malware.



The Maxicare employee was issued a Notice to Explain as part of the HR process, but Mr. Argos noted that her being involved in the breach was a low probability. At the same time, it was reported that the Maxicare employee's Facebook was recently compromised, and the breach may have been due to the use of the same passwords for her Facebook Account and that with Maxicare.

Mr. Argos explained that it was essential to use different passwords for different accounts, even though there have been movements to steer away from passwords (i.e., biometric authentication to resolve such issue).

In sum, the timeline below and sequence of events in relation to the breach was presented:

- Marketing/DPO briefing and alignment with the JG Summit Corporate Affairs Group (JGS CAG) prior to release of notices to data subjects. (061524)
- Marketing assisted DPO in sending out notices to data subjects using Marketing Cloud. DPO provided approved notices and recipients list. (061624)
- DPO provided initial FAQs to the Incident response team.
- DPO provided CEO, COO, CMO the Maxicare brief containing consolidated details (e.g background, chronology), draft of suggested FAQs and media statement. (061824)
- Marketing released the approved Maxicare Data Privacy Advisory (media statement) based on inputs and alignment with JGS CAG. Distributed by Sales teams among accounts and brokers, posted on Maxicare FB and LinkedIn accounts, shared with PR group. (061824)  
[Click here to see media statement](#)
- Maxicare media statement picked up and used by various media outlets. (061924)  
[Click here to see news features](#)

Mr. A. Go recommended that moving forward, all of the unauthorized software in the company-owned laptops and machines which were issued to employees should be removed from the systems.

Ms. Go noted the need for SSO. Mr. A. Go added that employee SSO must be more stringent than the normal SSO. He raised that they could replicate whatever JG was using or something better.

Ms. Victoria reported on the updates on what the team did in terms of servicing. She discussed that as soon as the data breach was reported to the NPC, a service recovery team was created to conduct discussions with the accounts, resolve issues of the members, and do monitoring and tracking moving forward.

History and Sequence of Events

Fiona

- Creation of SRT : June 16, 2024

Creation and Go Live of SRT	Key items to execute		SMT Lead	Lead	Sub Lead	Team Members
	1. Immediate corrective actions (scrub users, change passwords)		Sean Fiona Ned	Axel	Presh	Jeralaine, Nestlie, Phil and Contact Center Mgrs.
	2. Member / Account handling (complaints, inquiries, replacement cards, etc)			Cha	Claire	Contact Center Leads, Cecille, Loren and Rodz, Rox, CMIT team members
	3. PR and reputation management			Archie		Michelle, Ali, Martin
	4. Regulatory compliance/legal			DPO and legal		DPO team/ ICT/ Legal
	5. Long term risk mitigation			All leads 1-4	Nea	Gladice, Alen
	Project Plan Steps and timelines		Date	Schedule	Status	
	Preliminary discussion with Leads		June 17, 2024	2030H	done	
	Rollout to Subleads and team members		June 18, 2024	0900H	done	
	Roll out to sales and OPS leads (SAVPs and AVPs)		June 18, 2024	1600H	done	
	Reporting and tracking of issues			ongoing		

It was discussed that there were 13,471 unique members IDs. The data was filtered across principals and dependents. She explained that the dependents' account numbers were in most cases linked as well to the principals.

A study was conducted and the total active vis-à-vis the total inactive data breach individuals affected were identified.

Maxicare Service Recovery Team

Headcount (total of 13,471)											
Principals						Dependents					
Active		Inactive		Total		Active		Inactive		Total	
Email Sent	Email Failed	Email Sent	Email Failed	Email Sent	Email Failed	Email Sent	Email Failed	Email Sent	Email Failed	Email Sent	Email Failed
5,499	98	1,103	43	6,602	141	5,682	62	948	27	6,630	89
<b>Total Active</b>						<b>Total Active + Inactive</b>					
						13,462					
						1 - No records found for Medilink # and Name of the member for this account					
						*1168011062414508 - Dolly Blanca					
						1 - Old medilink #, please refer to new Medilink # 1168011107671102 due to replacement					
						*Row 8164					
						1- No records of Active Account - Lab@Home					
						*Row 8196					
						1 - Duplicate entry - please refer to 1168011110301408					
						*Row 8448					
						<b>Validated</b>					
						13,466					
						Test Data					
						5					
						<b>Total</b>					
						13,471					

Total Active	
Principals	5,597
Deps	5,744
Total Inactive	
Principals	1,146
Deps	975
Total Active + Inactive	13,462

Total Emails successful	13,232
Total emails failed	230
Total emails sent	13,462

June 26, 2024  
Data Breach\_Service Recovery Team Report

Out of 13,000, there were around 11,000 active affected members and 2000 were already inactive. The team also released a total number of emails that were successful and identified also total emails released to disaffected individuals which failed. There were also second level handling on those that were not able to receive said emails.

As to work streams, the first team was the service recovery team which handled the immediate and corrective preventive action. Effective 16 June, upon reporting

to NPC, all of the corrective actions acted upon were all the user credentials and were already updated at Lab@Home. All the user requirements and accesses were deleted. As regards priority tools on password updating, SFDC Payorlink and SAP were classified as priority resets. As of 19 June, 100% of all Salesforce accounts have already been completed.

The dormant accounts have also been identified and were deleted from the total Salesforce user database. Payorlink 1 required a bit of effort from the operation side. This was done in batches because the reset could not be done across all touch points as this would likewise impact the business-as-usual processing of operations. This was noted to be on track. Ms. Victoria mentioned that SAP will mirror the cleanup in SFPC in Payorlink 1 as soon as Operations was done.

Service Recovery Team

Axel

STREAM 1

Immediate  
Corrective and  
Preventive  
Actions

- Lab@Home - all user credentials deleted 6.14
- Priority Tools: SFDC, Payorlink 1, and SAP
  - SFDC
    - 6.19 as of 11:30am, 100% of all SF accounts had been updated/reset password.
    - Total SF user from 1875, down to 1826 (reduction of 49 dormant accounts).
    - Total admin user of 33 down to 15.
    - Weekly dormant account governance in effect.
  - Payorlink 1 - effort is more complex versus SF. Individual PW for each users needs to be manually reset and shared to each user.
    - Prio 1: Non CX Facing; Prio 2: CX facing. The motivation here is to lessen impact to operations. For CX facing, we will do this during off hours/day off in batches.
    - POCs had been identified, Prio 1 group total of 487 users to start today, Prio 2 with 1,504 users to follow later.
    - Updates to be shared daily.
  - SAP - To be sorted post PL1.
- Other tools - ongoing consolidation for all users to have 1 comms and instruction.

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The second team working under the Service Recovery Team was doing both handling of accounts and members. This was part of the sales team recovery plan.

Both General Corporate Sales and key accounts have been informed 100%.

As for the third work stream, this was basically PR and brand management. Management was liaising with JG on the media articles that were released beginning 16 June upon reporting to the NPC.

Management was also providing support for operations member handling of all the advisories needed to released, including the recurring advice to members. First was the email blast, second was the text blast, and after the NPC report, another follow up might be done for those that have not reached out yet.

Service Recovery Team

Archie

STREAM 3

External PR and Reputational Management

- Tracking/Reporting of External Risks:**  
Established tracking and reporting of traditional media and social media news via two partners Omnicom Media Group (061324) and Havas Red (061424).  
  
Social media posts and news features shared with Maxicare beginning 061824. Much of the news started appearing 061824. [Click here to see media articles](#)  
  
Social listening being done as of today (062024).
- Support for Operations' Member Handling :**  
Released the Maxicare Data Privacy Advisory to Sales teams for dissemination among accounts and brokers (061824), and FAQs for internal use by the Operations team. [Click here to see FAQs](#). Marketing team continues to review and enhance spiels used by Operations.
- Handling social media incidents :** Seeded Maxicare media statement among major media outlets (061824 to 061924). Prioritized media outlets that released initial news about the data breach with insufficient information e.g. ABS-CBN which promptly updated its story on 061924. [See target media outlets](#)

This work stream also handled the social media incidents.

The fourth work stream handled legal and compliance:

Service Recovery Team

Ken

STREAM 4

Legal and Compliance

Chronology of Events

- On June 13, 2024
  - On or about 8:00PM Maxicare conducted calibrations internally with Ops to reset all passwords used for Lab At Home, Inc's third party system.
- On June 13, 2024
  - 11:00PM Maxicare released an advisory to all employees for a Password Change [Google Workspace] and Maxicare initiated a password change of Google Worspace for all Maxicare Employees.
  - Several DPO Advisories released.
- On June 14, 2024
  - 3:25PM Maxicare released an advisory to all employees for a Password Change [PC or AD account login] and Maxicare initiated PC and AD Account password change for all Maxicare Employees.
  - 4:00PM-5:00PM the breach response team from Maxicare and Lab At Home, Inc convened a meeting to discuss the immediate actions and remediations conducted
  - Several DPO Advisories released.
- On June 15, 2024
  - 4:00PM-5:00PM the breach response team from Maxicare and Lab At Home, Inc reconvened a meeting to discuss the updates on the investigation and mitigating actions that has been done.
  - Several DPO Advisories released.
- On June 16, 2024
  - 9:00AM-10:00AM the breach response team from Maxicare and Lab At Home, Inc had another alignment meeting to fortify the remediations done, provide updates on the investigation and discussed further the next course of action to deter any similar occurrence.
  - 12:09PM Maxicare Data Privacy Officer lodged a Data Breach Notification to the [dpo@privacy.gov.ph](#) portal of the National Privacy Commission.
  - 1:37PM Maxicare Data Privacy Office initiated in sending Notice to Data Subjects.
  - 6:00PM Maxicare Data Privacy Office with the assistance of Marketing Division continued sending Notice to Data Subjects
- On June 17, 2024
  - 4:00-5:00PM Calibration with the Breach Response Team and Lab@Home (internal and external)
  - 8:30PM-9:00PM Calibration with the Breach Response Team (internal)
- On June 18, 2024
  - Data Breach Recovery Team - Project Plan, Steps, and Timelines
- On June 19, 2024
  - Account Meetings:
- On June 20, 2024
  - Calibration with HNMHomeCare and Lab@Home
    - MOA and DSA extension EOD June, 20, 2024
    - Privacy Impact Assessment
  - Account meetings.
- DPO to prepare formal report to the National Privacy Commission within the reglementary period from submission of initial report on June 16, 2024
- DPO to propose post-remediations on data privacy organization wide
  - Compliance Health Check
  - Privacy Impact Assessment
  - Pushing Vendor
  - Capacity Building

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The most updated status was the ongoing discussions with NPC. The Maxicare DPO was leading the discussion with NPC, after which all actions items will be ceded to the service recovery team and all necessary items would be executed.

The fifth work stream was the long-term risk and quality management. This will tackle the long-term plans for risk and quality.

Service Recovery Team				Nea/ Alen	
#	Activity/Task	Rationale/Description	Target Date	Status	
1	Hiring of inhouse dedicated Information Security team	Could be at least composed of: CISO, IS GRC, and IS Operations	TBD c/o HRD	Pending	
2	Fast track Email Security subscription	Finalize negotiation through JGSummit Procurement team	June 30, 2024	In Progress	
3	End-to-end Security Posture Assessment	Lab@Home may be one of the blindspots but there might be more which we have to scan and address	July 2024	Not yet started	
3.1	Get the enterprise architecture diagram showing integration of systems and network	This will help in identifying possible attack entry points	June 21, 2024	In Progress	
3.2	Schedule a meeting with possible service provider to conduct the assessment and overall Cybersecurity strategy	Discussion on possible services and scope of work that they can provide to Maxicare	June 24, 2024	Not yet started	
4	Review/reassess all the related policies and procedures related to Information Security	Review and update related policies	July 5, 2024	In Progress	
5	Fast track Managed Detection & Response (MDR) service	Would serve as 24x7 Cybersecurity Operations team of Maxicare covering Predictive, Preventive, Detective and Responsive capabilities	July 24, 2024	In Progress	
6	Intensify Information Security Awareness Program	Quarterly training for admin access or with access to customer information, 2x a year for the rest of manpower resource	July 31, 2024	Not yet started	
7	Establish playbooks and breach drill/table top exercises	Based from the lessons learned on the current breach incident	August 2024	Not yet started	
8	Establish end-to-end cybersecurity practice/strategy	Should cover Governance, Risk, Operations, Audit/Compliance	September 30, 2024	Not yet started	

STREAM 5

Long Term Risk and Quality Management

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Based on discussions with the Maxicare Team, a recommendation was made to complete the assessment that would identify the gaps not just on the process and technology, but also on the manner existing controls were deployed.

Mr. A. Go requested to be sent a copy of the email detailing what has already been done insofar as the long-term plans for the improvement of the security of Maxicare was concerned.

vi. *Ease of Paying Taxes (“EOPT”) Act Implementation*

The Bureau of Internal Revenue (“BIR”) issued on 12 April 2024 Revenue Regulations No. 3-2024 which took effect on 27 April 2024. The regulation required the issuance of invoices in the month for services which are rendered for long-term contracts with a one year term:

### 3 Tax Updates |

**Ease of Paying Taxes (EOPT) Act Implementation**

**Current Situation:**

- **Revenue Regulation No. 3:** Requires issuance of invoices in the month services are rendered.
- **Current Billing System:** Issues statements based on HMO policy frequency (annual, quarterly, semi-annually, monthly).

**Challenges:**

- **Invoicing Compliance:** New system needed to automate monthly invoice issuance.
- **Investment:** Substantial time and financial resources required for development.

**Regulatory Update:**

- **Revenue Regulation No. 11:** Extends deadline for reconfiguration and enhancement of CAS/CBA with AR to Dec 31, 2024 (extension to June 30, 2025 subject to BIR approval).

**MIS Project:**

- Develop a compliant invoicing system.
- **Projected Completion:** June 30, 2025 (subject to discussion with Oracle).

**Request to BIR:**

- **Interim Measure:** Allow VAT reporting based on collection until MIS project completion (June 30, 2025).
- **Compliance Assurance:** Full adherence to invoicing requirements post-project completion.

**Next Steps:**

- Submit formal request to BIR (not later than June 27, 2024)
- Present to BIR the invoicing challenges of Maxicare (prior to Q2 VAT filing on July 25, 2024)
- Ensure ongoing communication and updates on project progress.

CAS - Computerized Accounting System  
CBA - Computerized Books of Accounts  
AR - Accounting Records

BIR - Bureau of Internal Revenue  
MIS - Maxigroup Insurance Solutions  
VAT - Value Added Taxes

The invoice has become the single principal document for VAT claiming and reporting. Previously, the Official Receipt was for the sales of services, while the Invoice for the sale of goods were regarded as the principal documents.

The current billing system issues billing statements based on the HMO policy frequency, either annually, partially semi-annual or monthly and it also issues members movements on a monthly basis.

It was reported that there was a need to develop a new invoicing program to comply with the BIR Regulation. There was also a recent BIR Revenue Regulation 11-2024 which extended the deadline for entities using computerized accounting system until 31 December 2024. Initially, the deadline to enhance was 27 October 2024. Currently, another 6-month extension until 30 June 2025 was issued.

The action plan was instead of enhancing and developing an invoicing program in SAP, Maxicare will proceed with the MIS Project. This would include the invoicing program compliant with the aforesaid BIR Revenue Regulations. The project's target completion is on 30 June 2025.

The action plan was to write a letter to the BIR to allow Maxicare to continue reporting and remitting its VAT based on gross receipts or collection, which is a pre-EOPT regulation or set-up.

The submission was planned to be made on 27 June 2024, and it was expected that BIR might require Maxicare to attend a face-to-face discussion or presentation of its challenges in complying with the BIR Revenue Regulations.

In terms of compliance, Mr. Argos discussed that the aim was to present the full project timetable of MIS, which was 2025 but with the hope of being given an extra buffer.

Mr. Gokongwei inquired whether the remittance of VAT was already based on invoice rather than on production. It was explained that it was an approval method. As long as there were services rendered, an invoice would have to be issued on a monthly basis.

Previously, payment was only made upon collection. The BIR Revenue Regulation states that if the VAT is remitted in advance, and no collection was made, there could be crediting.

vii. *Items for Approval*

1) As for the first item, approval was sought for the engagement of CPFN to handle the Letter of Authority (“LOA”) which was recently served by the BIR FY 2022 which stipulated the conduct of an investigation or verification of VAT Liability for the period of 01 January to 31 December 2022. The past LOA was successfully terminated/closed in the past with CPFN’s assistance.

The present LOA was received on 07 June 2024 with documents needed to be provided on or before 17 June 2024 (10 days). The Engagement Fee was priced at Php 500,000.00 (with approved budget).

As an action item, the Finance Tax Team must perform an analysis of Maxicare's tax exposure applicable to FY 2022.

2) As for the next matter for approval, there were three items which were proposed for the spending of additional unbudgeted expenses, *to wit*:

Direct Cost/Opex	Expenses Classification	Expense	Amount	Vendor	Department	Explanation/Justification
Capex	Computers and Peripherals/Software					
Capex	Computers and Peripherals					
Opex	System Repairs and Maintenance					
<b>Total</b>						

The first item on CAPEX was for the upgrade of the network infrastructure, not just the endpoints but also some of the switches and backbone that required support on all endpoints. This was for the Maxicare Tower and all of the PCCs. The total amount of the CAPEX was \$1.5 million. They were now moving to WiFi 7 across the various sites.



Mr. Gokongwei inquired whether there were any incremental data cost. It was explained that there were bottlenecks at certain points which were included in the amount for all sets, including the PCCs.

The second item on CAPEX was only for one laptop for the steerage campaigns for one user with higher specs needed to create Utilization Management (“UM”) reports to support each corporate account until it becomes fully automated. The price of the laptop was I

Finally, it was reported that there were incremental licenses from worth This was in coordination with the ECS consolidation licenses.

3) The next request for approval was to reallocate the amount of from the excess Genesys budget of the Customer Care Team to have the configuration implemented by Trends.



**For Approval:**

**To reallocate the amount of from the excess Genesys budget of Customer Care team to have this configuration implemented by Trends**

This was recommended so that calls or transactions can be routed to in-house agents. This would also enable the team to make sure that all transactions were directly coursed through Maxicare before any third party gets the transaction.

This was just logic updating because Maxicare has an in-house agency pool, reprioritization can be made before opting to outsource. In short, to optimize the productivity of the new customer care in-house agents, it was recommended to improve the routing configuration in Genesys so that all transactions will be routed to the in-house agents first before assignment to our outsourced agents.

Microsoft products. For the Microsoft products, it was reported that Maxicare was still under the Equicom Group license, but efforts will be made to move to JG Group.

The foregoing items were approved.

**V. OTHER MATTERS**

There were no other matters discussed.

**VI. ADJOURNMENT**

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

Prepared by:

DocuSigned by:  
...6AC4C1...  
**ATTY. DANNY E. BUNYI**  
*Corporate Secretary*

Attested by:

DocuSigned by:  
...4EB...  
**ANTONIO L. GO**

Signed by:  
...UCAD12FE4FC...  
**ESTHER WILEEN S. GO**

Signed by:  
...B9426...  
**RENE J. BUENAVENTURA**

DocuSigned by:  
...  
**LANCE Y. GOKONGWEI**

DocuSigned by:  
...B36C2FC9B43D471...  
**BRIAN M. GO**

DocuSigned by:  
...6F4A8624E8704BA...  
**MICHAEL P. LIWANAG**

DocuSigned by:  
...60B5C71B2C704A3...  
**ROBERTO J. MACASAET, JR.**