MAXICARE HEALTHCARE CORPORATION

MINUTES OF THE EXECUTIVE COMMITTEE MEETING

Boardroom, Maxicare Tower
203 Salcedo Street, Legaspi Village, Makati City[1]
17 July 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
GULLY GO
JOE MERRITO P. BUOT
FIONA MARIE L. VICTORIA
RODELEE UY
JOSEPHINE LOPEZ
JOSE PASTOR Z. PUNO
AXEL MATERNE
ELIZABETH GREGORIO
JERRY PEREZ
MARK MACAPAGAT
JORDAN PABICO
KURLEIGH GACUTAN
ATTY. ANDREW FORNIER
ATTY. KYLE BOLLOZOS
RAYMOND HERNANDEZ
JAY MAURICIO
ROCKY DE CASTRO
CARYL KO
MARIA FE AGNES BATUNGBACAL
MIKE MANRIQUE
MEG YAP-AGUINALDO
RACQUEL ADORABLE
IVAN LALUCIS
BJ SEBASTIAN
ERICA PUENTEVELLA
KAREN NINNA ALMONTE
JENINA JOY MALAPITAN
LAURENZ DALANGIN
ATTY. DANNY E. BUNYI
ATTY. JANNA MAE B. TECSON
ATTY. MARY ZOELLI R. VELASCO
ATTY. JULIE ANN C. MANGUIAT
MARIA ESTRELLA GARCIA
RIZ GAURAN

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

I. Call to Order

Mr. Lance Y. Gokongwei ("Mr. Gokongwei"), the Chairman of the committee, 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 26 June 2024.

IV. Reports

i. *Maxicare: Nominated for the Employer of the Year ("EOY") Award*

Opening the meeting with good news, Mr. Joe Merritto P. Buot ("Mr. Buot"), Maxicare's Chief HR and Administration Officer, reported that Maxicare was nominated by the People Management Association of the Philippines ("PMAP") for the Employer of the Year ("EOY") Award. Maxicare underwent a round of initial screening and the winner will be announced in October 2024 in the National Conference to be held in Iloilo.

He also reported that Maxicare was awarded with a Five-Star Employer of Choice for 2024, by the publication Human Resources Director ("HRD") Asia. It was noted that companies with a 75% or higher average employee satisfaction rating were considered as "Five-Star Employers".

The Committee congratulated management for this feat.

Mr. Gokongwei instructed that for the next meetings, there should be a one-pager report for Human Resources regarding employee movement such as attrition, promotion, and the like.

On another note, Mr. Christian Argos ("Mr. Argos") formally introduced the new members of the Maxicare Senior ManagementTeam: (1) Mr. Raymond Hernandez is the new Chief Customer Officer ("CCO"). The CCO shall handle everything related to products such as product development, product management and the entire life cycle from insighting all the way up to measuring performance and marketing; (2) Atty. Andrew Fornier is the Chief Legal Risk and Compliance Officer; and (3) Mr. Jay Mauricio is the new internal auditor who was seconded from JG Holdings to Maxicare.

ii. *Financial Performance of Maxicare*

By way of executive summary, Ms. Ma. Teresita Espallardo ("Ms. Espallardo") reported the following:

	Net Revenue	Net Income	Medical Utilization Ratio	Operating Expense Ratio	Net Worth	ATR
Key Metrics As of June 30, 2024	**P2.18B** 95% of budget FTM	**P52.48M** 163% vs budget FTM	**85.36%** vs 86.55% budget FTM	**9.00%** vs 14.40% budget FTM	**P2.00B** Reqt: P1.85B	**0.9487** Reqt. .75
	P13.03B 96% of budget YTD	**P150.24M** 173% vs budget YTD	**86.21%** vs 86.98% budget YTD	**9.70%** vs 11.03% budget YTD		

With reference to the approved budget, the net revenue was 95% of the budget of Php 2.29 Billion. The 5% shortfall or Php 115.86 Million was the net impact of the lower EMF produced by the favorable budget variances from the higher ASO income and lower commission.

The Php52.48 Million net income was 163% higher than the Php 83.81 Million budget net gross for the month. Total direct cost, total indirect cost, and other income all contributed to better results. As for the medical utilization ratio of 85.36%, the same posted 1.19 percentage points favorably lower than the budget of 86.65% and this translates to 126.27 Million contributed by lower EICA and PCC-related expenses.

The Operating Expense Ratio was at 9.00% which was 5.4 percentage points lower than budget and was equivalent to Php 134.44 Million. This was mainly due to the timing of payment of consultancy fees and net favorable variances in other expenses.

For the first six months, the net revenue was 96% of the budget of Php 13.51 Billion. Similar to the month of June 2024, this was also due to lower EMF. There was also a higher ASO income with lower commission and lower CER provision.

Net income was 173% higher than the budget with net loss of Php 205.26 Million. Except for net revenue, all other sections of the net income statement have favorable variances, which in total exceeded the shortfall in the net revenue and resulted in a net income of Php 150.42 Million. The medical utilization ratio of 86.21% while only about 0.77 percentage point favorably lower than the budget, translated to Php 519.51 Million.

The Operating Expense Ratio of 9.70% was 1.33 percentage points lower than the budget which amounted to Php 229.97 Million favorable contribution.

Maxicare was compliant with both the net worth and APR requirements of the Insurance Commission ("IC").

As to other highlights, the contribution margin for the month was at 10.9% higher than the budget of 9.24%. Similarly, for the first half of 2024, the CM was at 10.19% vis-à-vis the 8.73% budget.

As of 30 June 2024, the total assets were at Php 18.93 Billion, which was an increase of Php 2 Billion or 15.77% compared to 31 December 2023, mostly coming from increase in cash, cash equivalents, and short term investments.

Almost 84% of the company's total assets were composed the following:

(1) was cash, cash equivalents and short-term investments combined amounting to ;
(2) was trade and other receivables, net of allowance for doubtful accounts and CER amounting to ; and
(3) was prepaid expenses amounting to

Prepaid expenses were composed mostly of creditable withholding tax, advances to vendors and counterparties, and input tax.

Total liabilities which increased by Php 1.88 Billion as of 30 June 2024 compared to 31 December 2023 were composed mainly of health care plan liabilities amounting to 12.58% or 66.45%, and accrued liabilities or other variables at 22.47%.

The challenges and key risks were next discussed.

Ms. Espallardo noted that the gap in net revenues may continue to grow due to the following:

I. Internal

(1) Further delays in the launch of OGSM products from re-forecasted July 2024 launch; and
(2) Oracle implementation can affect products and revenue, as revenue products were targeted to be launched this year.

II. 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.

III. Both Internal and External

(1) Continued shortfall in the target collection ratio vis-à-vis aging receivables may result in additional or higher provisioning for credit impairment and may affect collection cash flow and lower investible funds; and
(2) The temporary relief of the ATR[2] requirement would be only until 30 September 2024.

Maxicare, through PAHMOC, will request for an extension for another year since it was not certain if all or majority of the HMOs will be able to fully recover and achieve an ATR of 1% by the end of 2024.

Mr. Argos discussed that the current relief was at 0.75. An increase to 0.9 would probably be requested for approval and which was still below 1. This represented an improvement from the relief 2023 with 2024 reflecting the recovery of the industry. Other HMOs were expected to still fall below 1.0.

Mr. Antonio Go ("Mr. A. Go) inquired when the percentage would go above 1.0 for Maxicare Mr. Argos explained that in 2023, they were above 1.0 and that the regulator actually found it to be reasonable based on all the Audited Financial Statements. Mr. Rene J. Buenaventura ("Mr. Buenaventura") asked if IC would be receptive to the request and Mr. Argos responded in the affirmative. Coming from last year, he observed that there were hardly any objections, and in fact, the relief which was given was bigger than what was expected. There were no major modifications. The lowest point was at 0.8, but they gave 0.75, hence Mr. Argos was confident that they will approve a percentage from 0.85 to 0.90.

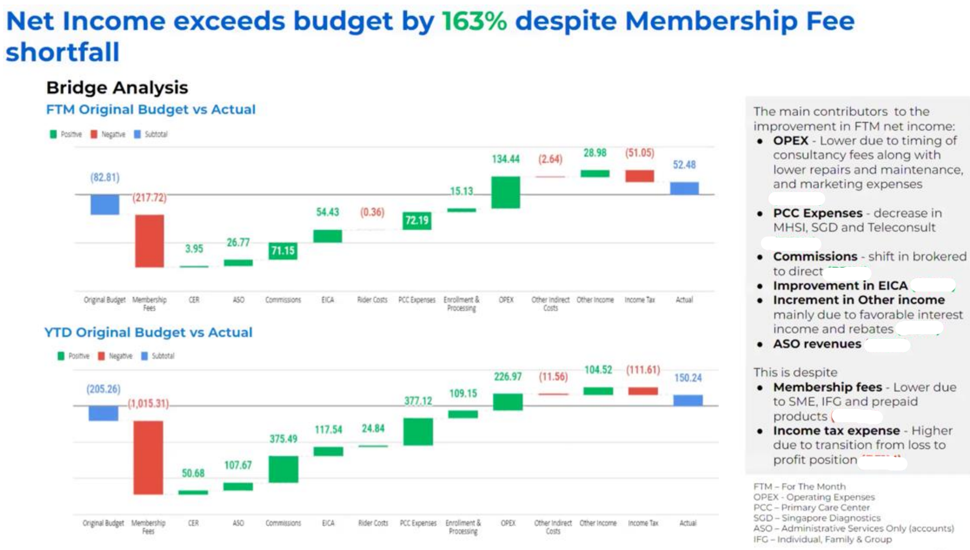
The request would be to extend, but with a higher figure of 0.85. Mr. Argos clarified that such instance would already be the worst case scenario. The hope was to extend to 0.75, or better at 0.90.

Glossary

[2] ATR: Acid Test Ratio

It was inquired as to what figure do management foresee the percentage to end up for 2024. Mss. Espallardo answered that the estimate was at 0.94, not 1.00. She explained that to achieve the 1.00 figure, a net income of Php 1 Billion is required. It was noted that the estimated net income for 2024 was at around Php 700,000.00.

A bridge analysis for the financials was next presented:



From the budget net loss for the month of June of Php 82.81 Million, the EMF for the month of Php 2.26 Billion fell short by Php 217.72 Million or 8.75% against the budget, driven by the full-risk products, particularly on the consumer side and the delay in launching the OGSM products which could have generated Php 64 Million in June 2024.

The increase in ASO revenue was mostly from increase in network access fees ("NAF") for the accounts, which doubled the NAF from Php400 per member.

Also, commission expenses were lower by Php 71.15 Million and these favorable variances reduced the shortfall in the net revenue to 5.05% or Php 115.86 Million.

Mr. A. Go asked Mr. Argos whether they were back on track regarding OGSM. Mr. Argos discussed that there were a few products that were at risk because these were dependent on MIS and other enablers coming online. Nonetheless, efforts were being made to catch up. In the forecast, the contribution of OGSM products would have been re-evaluated for the rest of the year.

It was inquired as to how long it would take to build the team. Mr. Mark Macapagat ("Mr. Macapagat") answered that to compensate for all of the issues that were being faced, it would probably take around 3 months since there were already available resources.

Mr. Argos further explained that under "Product", there were: (1) organization, (2) technology, and (3) network. Over the next couple of months, the organization aspect would be filled. Project MIS was also needed to come online and the ability to integrate that into the underwriting process in the gateway.

Mr. Gokongwei asked where they were in terms of their peak potential for the enterprise. Mr. Argos opined that the corporate or the enterprise business was a zero-sum gain and accounts will just be transferred from one HMO to another.

At this level, the margins and the market size will only expand based on the entry of the workforce into the key industries like BPOs. The opportunity would be MSMEs and for the individuals under corporate accounts to top-up as there have been increase demand for such.

They have already been invited to forums and the message was clear that they want to offload some of the benefit escalation costs to the members under the employee. As an industry, they are trying to dial down the complication in terms of recruitment and retention by increasing HMO and employee benefits.

This would also include the B2B and B2C sectors. For example, the higher limits and secondary benefits – the employees and their dependents were aligned in terms of how to manage the costs and benefits. The opportunity was there and was aligned with what Maxicare was doing.

Mr. Roberto M. Macasaet, Jr. ("Mr. Macasaet") inquired whether they expect the employees to eventually dig deeper into their pockets as part of the whole process. Mr. Argos explained that the employees may have to reallocate funds because most of the spending was out of pocket and on a per need basis. If the spending would be done by an individual in small amounts as part of the budget, it would not be enough. However, if risk pooling and a sharing product were done where small contributions would be allocated to people in need, then that would be more valuable.

The key was not to sell to the general population as the customer acquisition would be too high, but to show to them at very relevant points of the journey (i.e. when parents are enrolled, when something was bought, when they go to PCC and the lab results were obtained, etc.) The support value of everything they need to protect their health and life should increasingly come fromtheir out of pocket over time. One hundred percent (100%) of the same need not be funded. It could be as few as a Php100.00, then that would gradually increase.

Mr. A. Go emphasized that they must focus on the current advantages.

Ms. Esther Go ("Ms. Go") raised the Ease of Doing Business Law and what they need to do in terms of remitting taxes and operations. Mr. Argos discussed that there was an opportunity to request for a further extension until June of next year. The Bureau of Internal Revenue ("BIR") had clarified the interpretation of the Ease of Paying Taxes ("EOPT") for prepaid services such as HMO which, in Mr. Argos' opinion, actually represents the best-case scenario.

He explained that previously the Value-Added Tax ("VAT") was to be remitted based on collection. Hence, there was no exposure as no remittance was done if there was no collection. With EOPT, as soon as the services were rendered, on a monthly basis the VAT portion would be remitted already even if there was no collection. In one event, one of the Heads of the EOPT Technical Working Group explained that for a company like Maxicare, if services are rendered for the first three (3) months and collection was done on month four (4), the remittance would be done on month 4 at time of collection. Then, prospectively, remittance would done as to services rendered.

Mr. Argos explained that such scheme of remitting everything upon collection was the best-case scenario and was even better than the previous status quo because the present scheme allowed Maxicare to retain the funds for purposes of remitting back.

To formalize the request for extension to June, such scheme would be incorporated into the standard process for billing and collections, Fusion, and MIS.

Mr. Argos inquired whether the extension until January would be applied to all companies. It was confirmed that the default was until 31 December 2024, and an extension for another six (6) months would have to be applied for by the industry.

It was clarified whether the fees were charged against the ASO, and if the funds belong to the company. It was confirmed that the fees were booked as a liability and fund payable.

It was likewise explained that the funds were under Maxicare's name and were intermingled with Operations. Mr. Argos explained that such conservative position was taken for ASO, which was incorporated into the service agreements. Ms. Espallardo further clarified that the same was based on a previously issued Revenue Memorandum Circular ("RMC") where advances were considered as such because there were services to be rendered for those advances, hence considered as subject to VAT.

Mr. Argos asked whether there were any changes in the handling of ASO funds under the EOPT. Ms. Espallardo explained that if the funds were only earmarked and held in trust, these should not be subject to VAT. Nonetheless, there was actually a transaction underlying the revolving fund.

Maxicare's tax consultant was still clarifying whether said fund should be subject to VAT.

Mr. Brian Go ("Mr. B. Go") clarified that the tax should not, in theory, be paid. However, the more conservative position was taken in that said taxes were paid. An argument could be made that such funds were not subject to VAT because the services were being done on behalf of the employer, which was Maxicare's the client. The employer was the one directly transacting and Maxicare was only the facilitator directly transacting with the providers.

It was explained that the providers actually consider the HMOs as their client, not the end client. Mr. Argos added that they do not transact directly because the rates used were Maxicare's rates and if the providers transact directly, they may get a slightly different rate and the hospital invoices Maxicare, not the company nor the patient.

Mr. Argos discussed that the recommendation was to stay with the status quo as the same was considered as the industry practice.

A different practice would require operational changes on the hospital side, for example billing statements would have to be revised. They would likewise have to issue an Official Receipt ("OR") and in the future, a collection receipt because ORs would cease to exist.

Mr. Argos noted that there was an idea that a company could do that on behalf of the hospital, but it would depend on how the EOPT would be resolved and clarified.

It was further explained that there were sections in the EOPT law which could be interpreted that Maxicare would be holding the money in trust. The act of receiving it as the same does not really accrue in their favor because Maxicare would be merely considered as a conduit.

In any event, they have until December 31, 2024 to clarify the said scheme and then ask for another extension. Such extension would be filed early on ahead of the December deadline, maybe as early as July or August to secure the additional 6 months.

Ms. Espallardo continued with her report and explained that the total direct cost contributed to the highest positive contributions to the net income in terms of absolute amount, that is, Php 141.4 Million. This came from PCC-related expenses which were lower by Php 72.19 Million and which was attributed to lower costs from Maxihealth, SGD, and Teleconsult services.

There was also an improvement in EICA by Php 54 Million, which was seen due to the enrollment and processing fees which were also as low as Php 15.13 Million, mainly from the LOA issuance cost due to lesser agents and reduction in rates from a provider. The total indirect expenses comprising of OPEX and other indirect expenses show favorably lower variance of Php 131 Million or 32.59% mainly due to earlier payment of consulting fees in May, and lower repairs and maintenance, and advertising expenses. Due to better results, earlier provisioning of credit impairment amounting to Php 11.81 Million was made. Monthly provisioning will start in July based on the original budget. Other income also posted a total favorable variance of Php 29 Million. Almost 60% was contributed by interest income due to increase in investible funds. Income taxes were also higher by Php 2 Million due to the higher taxable rate.

For the year to date June 2024, the was an almost similar trend for the month of June from the net loss of Php 205.26 Million based on the budget. The combined favorable variances against the budget were mainly seen from the increase in ASO income, lower commission, lower EICA, lower PCC-related expenses, lower enrollment and processing costs, lower OPEX. Higher Tther Income were greater than the unfavorable variances against the budget due to the lower EMF and higher other indirect costs pertaining to the Best Life Program.

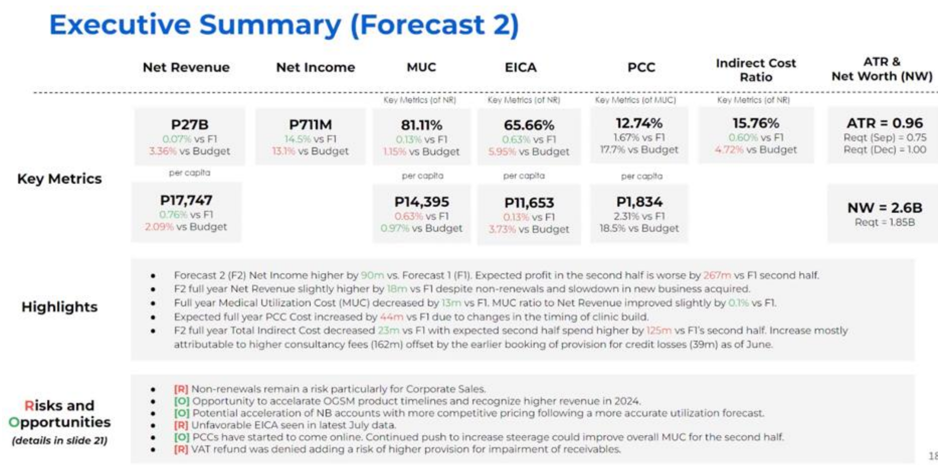
The Php 226.97 Million total favorable variance in OPEX arose due to underspending in professional, outsourcing, contractual, and advertising fees. The increase in the income tax resulted from the taxable income this year compared to none in 2023.

In response to Mr. Gokongwei's query regarding the accuracy of the income tax, Ms. Espallardo explained that they were liable for regular income tax but the NOLCO[3] will be offset.

iii. *Forecast 2 Planning (6+6 Forecast)*

By way of executive summary, the 6+6 Forecast was reported by Mr. Macapagat as follows:

[3] NOLCO: Net Operation Loss Carry Over



The revised outlook for Maxicare showed that they would be starting at Php 711 Million as the revised two-year forecast for 2024. That was higher than the Php 600 Million forecast.

In terms of pacing, the second half of 2024 was expected to be Php 267 Million lower than the previous forecast due to three (3) things:

(1) Revising the forecast which was based on the per-product timelines;
(2) Increase in the expected MUC[4] as seen in the July trend; and
(3) Expecting an increase in the consultancy fees, specifically the success fees.

While Quarter 2 was better, Quarter 3 MUC was expected to be higher than the previous projection.

Some risks and opportunities that were seen that would have a significant impact on the Php 711 Million were as follows:

(1) **Non-renewals remain to be a risk, particularly for Corporate Sales:** Measures have been put in place for this, as efforts were being done to perform account by account specific adjustments to margins and pricing so that persistence could be increased.

(2) **Opportunity to accelerate OGSM product timelines and recognize higher revenue in 2024:** As to the OGSM products, opportunities were seen as things were moving faster than expectations. While the forecast had been updated to the timeline targeted for the products, the report had already been closed. It seemed that a significant number of contracts had

[4] MUC: Medical Utilization Cost

already been closed ahead of time. Therefore, there was opportunity to generate more revenue than forecasted.

(3) **Potential acceleration of the NB[5] accounts with more competitive pricing following a more accurate utilization forecast:** Maxicare has been more confident in the forecasting of the medical utilization costs, so there can be more flexibility in the margins for new businesses to make the pricing more competitive.

(4) **Unfavorable EICA seen in latest July data**: This has the risk of persisting for the next couple of months.

PCCs have started to come online: There has been a continued push to increase steerage which could improve overall MUC for the second half.

(5) **VAT refund was denied adding a risk of higher provision for impairment of receivables**: The provision for credit losses was at risk because of the denial of the VAT refund, which was still under appeal.

Mr. Argos discussed that Step Asia had been working with Maxicare and recommended the process for the VAT refund, which was denied. There were a few more days to appeal, and that they were currently working on it. They will update the Committee once they get more information.

It was discussed that Maxicare advanced the VAT on behalf of the clients so that the clients' payment were reduced by 12%. There was a 12% equivalent remaining AR from the client that the client refused to pay but the transaction was actually a zero VAT. However, Maxicare paid said VAT due to a previously issued LOA.

The Peso value originally was Php 244 Million, but collection had been made from some accounts and there was around Php 191 Million remaining in the books.

As to the VAT payments, three (3) options were presented for Maxicare's recourse:

(1) File an administrative clarification with the BIR and ask for a ruling;
(2) Go to the Court of Tax Appeals ("**CTA**") for an appeal; and
(3) Continue to collect from clients.

[5] NB: New Business

It was reported that Option 2 in relation to the CTA route was the least priority because it would be costly, and the chances might be very slim.

Option 1 was the option they deem best which was to file an administrative case or request with clarification with the BIR.

In respect of Treasury Updates, it was reported that as of 30 June 2024, total receivables decreased by Php 489 Million or 10% and the ADA[6] recorded was at Php 1.325 Billion which was deficient by Php 81.735 Million. The additional ADA provision would be recorded in the remaining months in line with the Php 256 Million remaining budget. The Treasury Management Team initiated the following activities to improve its overall collection efficiency:

1. Conducted appointments with key executives;
2. Initiated reconciliations with the account;
3. Issued suspension notices to accounts with outstanding balances; and
4. Engaged third party services to demand payments.

There were big accounts like which were under active recon and their receivables were around Php 110 Million and in the 181 to 360 days bucket. Sales was also assisting in the discussions.

It was noted that the following individuals left the organization:

(1) AVP for Treasury; and
(2) Two Senior Managers for Collection.

Mr. Argos discussed that said losses were not regrettable since former internal audit teams were able to curb this by going into collection and bidding thus, solving the root cause of what drive the recon issues. He likewise discussed that the plan is to eliminate all the custom programs such as the custom SAP module for billing.

Treasury Updates

Trade Receivables Aging and Allowance for Doubtful Accounts (ADA) as of June 30, 2024

AGING	JUNE 2024		DECEMBER 2023		AR Comparison		ADA Comparison	
	Receivable	ADA	Receivable	ADA	Amount	%	Amount	%
CURRENT	1,611.990	16.730	2,044.977	24.189	-432.987	-21.17%	-7.459	-30.84%
1-30 DAYS	543.369	9.607	692.820	23.784	-149.451	-21.57%	-14.177	-59.61%
31-60 DAYS	205.247	5.858	158.058	35.148	47.189	29.86%	-29.290	-83.33%
61-90 DAYS	119.396	4.786	128.089	29.752	-8.693	-6.79%	-24.965	-83.91%
91-180 DAYS	243.089	23.752	273.711	-63.542	-30.622	-11.19%	87.294	137.38%
181-360 DAYS	292.186	72.058	269.596	36.044	22.590	8.38%	36.014	99.92%
ABOVE 360 DAYS	1,386.830	1,274.642	1,324.694	1,213.426	62.136	4.69%	61.216	5.04%
TOTAL	**4,402.107**	**1,407.433**	**4,891.945**	**1,298.800**	**-489.838**	**-10.01%**	**108.633**	**8.36%**

**2023 figures are Based on audited numbers of SGV*

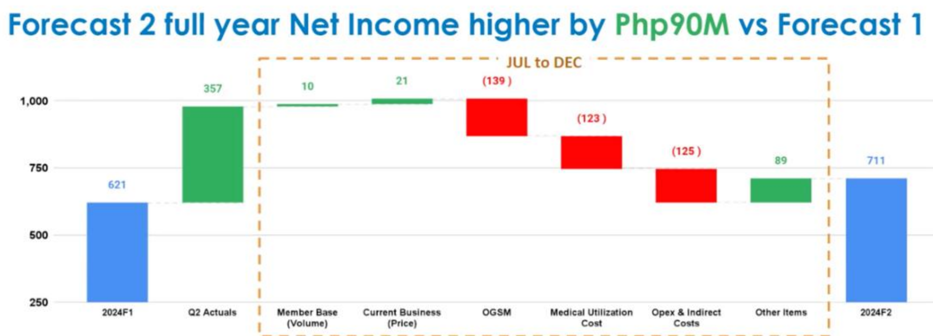
As of June 30, 2024, total receivables decreased by Php489M or 10% and the ADA recorded is at P1.325B which is deficient by **Php81.735M**. We will record additional ADA provision in the remaining months in line with the P256M remaining budget. Treasury management team has initiated the following activities to improve its overall collection efficiency:

- Conducting appointments with key executives
- Initiating reconciliations with the account
- Issuing suspension notices to accounts with outstanding balances
- Engaging third party services to demand payments

[6] ADA: Allowance for Doubtful Accounts

Mr. A. Go inquired as to the timeline for production. Ms. Espallardo answered that the aim was to have a portion of the Oracle Project by March 2025. Mr. A. Go commented that the timeline seemed too long. Mr. Argos explained that the long period was due to the data migration. In the meantime, Ms. Espallardo explained that the team was really exerting efforts to reduce, if not totally eliminate disputed billings, by reconciling ahead of time. Mr. A. Go requested to present these efforts by way of a report, together with the timeline.

Mr. Macapagat reported on the table below which showed the movements of the figures from the previous forecast of Php 621 Million to Php 711 Million. As for the Quarter 2 results, there was a reported swing of Php 357 Million vis-à-vis Forecast 1, which was mainly from favorable variance in EICA and overall MUC.



- 357M reported swing in Q2 results vs Forecast 1 mainly from favorable variance in EICA and overall MUC.
- Member base and net revenue from current business expected to have minimal movement in second half.
- OGSM related revenues have been adjusted to more detailed forecast by product following launch timeline. Adjustment showed further decline of 139M in revenue to be recognized in 2024 from OGSM products.
- MUC showing increase of 123M in second half mostly from third quarter following EICA spike in July.
- Indirect Cost increase by net 125M mainly from increase in expected consultant success fees (162M) net of the advanced booking of provision for credit impairment (39M) and other potential savings.

The member base and net revenue from current business were expected to have minimal movement in the second half of 2024.

Further, OGSM related revenues have been adjusted to a more detailed forecast by product following launch timeline. The adjustment showed further decline of Php 139 Million in revenue to be recognized in 2024 from OGSM products.

The MUC also showed an increase of Php 123 Million in the second half of 2024 mostly from third quarter following EICA spike in July.

There was also an Indirect Cost increase by net Php 125 Million mainly from increase in expected consultant success fees (Php 162 Million) net of the advanced booking of provision for credit impairment (Php 39 Million) and other potential savings.

The additions for the 2024 Forecast 2 as to OPEX items which required approval amounted to :

Division	P&L Line Item	Items	Particulars	Impact to IS (in thousands)
Executive Office	Operating Expenses	BCG Charges		
Operations	Operating Expenses	IT Charges (Survey Vista, Cast LMS, Microsite Change request) , Outsourcing Fees		
Human Resource and Administration	Operating Expenses	Penalty for Late Retirement of QC Site + Penalties		
Digital and Transformation	Operating Expenses	Globe M360		
Operations	Operating Expenses	Others (Internet fee, Telephone Expense, Google License)		
Consumer Sales	Operating Expenses	Telecommunication		
Consumer Sales	Operating Expenses	Internal and External Meetings and Others (e.g. Cab Fares, Office Supplies)		
Human Resource and Administration	Operating Expenses	Car Fleet Service		
Audit and Compliance	Operating Expenses	IT Charges		

Mr. Gokongwei inquired as to what was the basis for the success rate. Mr. Argos explained that the success rate was based on the various stage gates – and the final stage gate, was a measured impact on our PNL.

Mr. Argos further discussed that they have to agree on the initial simulation which was about 400 based on an uplift of . On the other hand, it was noted that the formula had been agreed and the manner in which the formulas were computed were predetermined.

Mr. Argos raised that there were two things that they would have to discuss with BCG:

(1) Change the timing of the invoice; and
(2) That BGC reconsider the formulas, specifically putting a cap, because in terms of resources and amount of work done, it was not increasing anymore hence, the request of a cap of .

The CAPEX Additions for the 2024 Forecast 2 were reported as follows:

CAPEX Items requiring approval - P5.2M

Division	Items	Particulars	Amount (in thousands)	Impact to IS (Depreciation)
Operations	Laptops			
Operations	Headsets			
ICT (for use of FBP)	Laptops			
ICT (for use of Operations)	Headsets and Y Jacks			

Business Case	

The aforementioned were approved.

iv. *Maxicare Sales Performance*

Corporate Sales

The corporate sales performance for the January to July targets were reported by Ms. Fiona L. Victoria ("Ms. Victoria") as follows:

Corporate Sales

Achieving YTD Targets: New and Renewal Business Aligned with Pricing Guidelines

- **Corporate Sales Performance**
  - **113.48%** achievement
  - **10.55%** growth from 2023
- **Corporate Gain & Loss**
  - Highest Gain ***Etiqa at 417 M***
  - Highest Loss ***Intellicare at 579 M***
  - Highest Net Gain ***Etiqa at 395 M***
  - Highest Net Loss ***ICare at 388 M***

	2024 Actual Performance (M)	2023 Actual Performance (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
NEW BUSINESS (NB)	989	1,282	-22.85%	-293	901	109.77%
RENEWAL BUSINESS (RB)						
RENEWED	12,839	11,226	14.37%	1,613	11,284	113.78%
DNR	2,256	1,580	42.78%	676		19.99%
TOTAL NB AND RB	13,828	12,508	10.55%	1,320	12,185	113.48%

YTD – Year-To-Date
DNR – Did Not Renew

The team achieved 113.48% of its new business and renewal business targets and a 10% growth from 2023.

For new business, the team achieved 109% of its Year to Date target, while for renewal, the team achieved 113%. That would amount to a Php 12 Billion vis-à-vis the Php 11 Billion target for the year.

The highest gain was from Etiqa at Php 417 Million, while the highest loss was from Intellicare at Php 579 Million.

There was not much movement on the accounts that contributed to the highest gain and high loss. These were still the accounts from the first quarter of 2024.

The highest net gain was from Etiqa at Php 395 Million, which was the BPI account in January. The highest net loss, which used to be Etiqa, was now with iCare due to the recent non-renewal of Carelon Global Solutions in April.

To breakdown the new business and renewal business closing and renewal premium per capita, there was a decline on the number of new accounts – although very minimal with 2 accounts less than the same period last year, as shown below:

Corporate Sales

Pricing adjustments continue to drive increases in closing/ renewing premium per capita for both NB and RB Accounts

New Business Jan - Jun 2024			
Particular	2024 Actual	2023 Actual	% Growth
Number of New Accounts	114	116	-1.72%
Number of New Members of New Accounts	47,582	74,680	-36.29%
Estimated Total Contract Value (TCV)	989,347,782.05	1,282,442,106.78	-22.85%
Estimated premium per capita	20,792	17,172	21.08%

Renewal Business Jan - Jun 2024			
Particular	2024 Actual	2023 Actual	% Growth
Number of Renewed Accounts	519	636	-18.40%
Number of Renewed Members	716,469	817,151	-12.32%
Estimated Total Contract Value (TCV)	12,839,318,181.73	11,226,986,426.60	14.36%
Estimated premium per capita	17,920	13,739	30.43%

DNR Jan - Jun 2024			
Particular	2024 Actual	2023 Actual	% Growth
Number of DNR Accounts	165	191	-13.61%
Number of DNR Members	164,327	127,165	29.22%
Estimated Total Contract Value (TCV)	2,256,123,583.23	1,833,385,859.00	23.06%
Estimated premium per capita	13,729	14,417	-4.77%

NB – New Business
RB – Renewal Business

The number of new members that were able to transition was also 36% more than last year, but the premium per capita grew by 21% based on the new pricing guidelines which was now at Php 20,700 per person.

For renewal business, there was a decline in the number of accounts, which were 519 accounts vis-à-vis 636 accounts last year. The headcount also reduced by 12% compared to the same period last year, while the renewal premium per capita increased by 30% at Php17,000 per head compared to Php13, 000 last year.

For the Did-Not-Renew ("DNR") accounts, the renewal premium per capita was aligned with the 2023 actual premium per capita. Hence, the non-renewal of members accounted for the 30% headcount deadline.

As requested in the last Committee meeting, a breakdown for the same number of accounts were made under a funding arrangement, to wit:

Action Item: **Requested during June Excom**

Breakdown per Funding Arrangement

New Business Jan - Jun									
	FULL RISK			ASO			HYBRID		
Particular	2024	2023	% Growth	2024	2023	% Growth	2024	2023	% Growth
Count of Accounts									
Number of New Members									
Estimated Total Contract Value (TCV)									
Estimated premium per capita									

Renewal Business Jan - Jun									
	FULL RISK			ASO			HYBRID		
Particular	2024	2023	% Growth	2024	2023	% Growth	2024	2023	% Growth
Count of Renewed Accounts									
Number of Renewed Members									
Estimated Total Contract Value (TCV)									
Estimated premium per capita									

Did Not Renew Jan - Jun									
	FULL RISK			ASO			HYBRID		
Particular	2024	2023	% Growth	2024	2023	% Growth	2024	2023	% Growth
Count of DNR Accounts									
Number of DNR Members									
Estimated Total Contract Value (TCV)									
Estimated premium per capita									

DNR – Did Not Renew

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For full-risk and ASO accounts for new business, it was reported that there was an increase in the estimated premium per capita by 29%. For the ASO accounts which followed the new ASO pricing guidelines, an increase of 41% was noted. These were primarily because of the adjustments on the NAF requirement and the claims handling fee requirement. Although on hybrid, there was a shift towards moving some benefits into the full risk option than maintaining it in ASO hence, the decline in the claims handling fee amount.

For the renewal business, it was also the same experience for full-risk, the estimated premium per capita increased by 18% and for ASO accounts, which were heavily driven by the Enflow renewal which shifted from a claim standing fee percent to a fixed NAF per person. This contributed to the increase by 13% for the ASO portion. For the DNR, there was a decline in the estimated premium per capita of 13%, while the ASO was significantly brought about by Metrobank which was at a minimum of Php 200.00 for the NAF and 6% claims handling fee.

There was a transition of 4 major accounts with a contract value of Php 5 Million and up for the month of June. All of these accounts have noted PCC access and the locations of the PCC as their major reasons for transitioning to Maxicare:

Corporate Sales - New Business June Accounts

Leveraging PCC Access to Drive New Business Account Closings

EFFECTIVE DATE	ACCOUNT NAME	2024 TCV WITHOUT VAT	Headcount	Previous Provider	CM	REASON FOR CLOSING
1-Jun-24		13,548,544	852		26%	
1-Jul-24		12,778,471	400		27%	
26-Jun-24		6,026,508	335		25%	
1-Jun-24		5,525,904	417		27%	
TOTAL		PHP 37,879,427.12	2,004			

All of these were priced according to the new pricing guidelines of 25 CM and up.

For the renewal business, the biggest account that was transitioned and renewed in June was This was 60% increase from 2023. This also shifted to the Alagang Maxicare model:

Corporate Sales - Renewed June Accounts

Adherence to Renewal Pricing Guidelines sustains Continued CM

EFFECTIVE DATE	ACCOUNT NAME	INCREASE	LR	CM	2024 TCV WITHOUT VAT	HEADCOUNT
06/30/2024		61%- Zoom 3%- All Other Affiliate	91.60%	15.40%- Zoom 16.30%- All Other Affiliate	300,471,786.00	14,247
06/01/2024		1.00%	71.17%	21.00%	188,478,617.00	6,036
06/01/2024		ASO	ASO	20.00%	132,324,646.00	33,511
06/01/2024		1.00%	75.63%	21.00%	86,869,440.00	2,501
06/16/2024		25.60%	105.00%	17.30%	74,040,598.00	4,117
06/16/2024		41.00%	91.50%	15.70%	65,119,756.75	2,622
06/01/2024		47.00%	82.00%	18.00%	48,276,004.35	2,067
06/01/2024		52.00%	110.90%	15.70%	31,417,160.00	1,159
06/11/2024		9.00%	71.00%	18.00%	22,438,847.00	760
06/22/2024		30.00%	86.00%	16.00%	21,294,633.93	748
06/01/2024		38.00%	99.30%	18.30%	16,333,687.00	806
06/01/2024		ASO	ASO	20.00%	15,124,242.00	1,245
06/01/2024		25.00%	86.49%	17.00%	14,719,447.00	458
06/01/2024		ASO	ASO	20.00%	11,374,235.00	779
06/15/2024		6.32%	75.60%	18.00%	10,986,897.97	493
TOTAL					PHP 1,039,269,998.00	71,549

Note: Additional from last Excom of RB accounts Php10M and above.

CM – Contribution Margin
LR – Loss Ratio
TCV – Total Contract Value
RB – Renewal Business

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It was clarified that the service under this model would be PCC first. Then Maxicare would define the next provider, as may be applicable, after the PCCs based on the members' location. Ms. Victoria explained that was one of , and that they manage accounts in the Philippines.

The second biggest account was . The biggest ASO renewal for the month was which shifted to a fixed network access fee for the year. They requested for a discount, but the team pushed for the fee. The one account which was not procured was

Mr. Argos inquired whether Maxicare was the lower bidder in the major slots.

Ms. Victoria explained that the top 3 biggest accounts were actually the highest in terms of the renewal pricing. almost shifted tc , but they were able to push for the Alagang Maxicare option just to make sure that they also value the idea of availing in the PCC.

Mr. Argos discussed that businesses provide space for various accounts and they consolidated the HMO purchase and plans. One of their business accounts is . They have many other small accounts under their plan. mentioned that they want to keep Maxicare whatever the cost will be. They paid all the increase for that pool which shifted to the population, and all the smaller ones who could not really afford the increase were those seen in the table, hence 61%. On aggregate, they were able to hit the targets needed for pricing.

Mr. Argos further explained that Maxicare can tolerate being a few percentage points higher, but once the gap hits around 10% or higher, it becomes tough for the clients to ignore. In any event, Maxicare does not have to be the one with the lowest price.

For the DNR accounts, majority of the accounts that have more than Php 5 Million TCV[7] were losing accounts. The loss ratios were ranging from 80% to more than 100%. The accounts that were presented were the ones that did not renew due to the high renewal offer.

The biggest DNR account was which shifted to An increase of 42% was proposed, but the account requested for a 10% increase from status quo, which Maxicare was unable to provide. Their loss ratio also did not support the request for the 10% increase. These accounts, as mentioned last Executive Committee meeting, would continue to be subject post mortem discussions with the clients, especially on transition and their experience. Maxicare plans to recover these accounts for 2024.

Ms. Victoria noted that these accounts were also affected by the disaffiliation of the providers. They also questioned the basis of the increase and if Maxicare was minimizing the number of accredited providers which were located in Cavite.

[7] TCV: Total Contract Value

Corporate Sales - June Did not Renew Accounts

High Renewal Pricing vs. Account's Budget Leads to Non-Renewals, Primarily Among Non-Profitable Accounts

Effective Date	COMPANY NAME	Reason for non-renewal	Chosen Provider	MLR	CM	INCREASE	2023 HEAD-COUNT	2023 TCV WITHOUT VAT
16-Jun-23				93.00%	18%	33%	360	PHP 5,313,548.48
1-Jun-23				106.00%	15%	42%	6,899	PHP 113,651,010.00
1-Jun-23				95.00%	20%	33%	5,797	PHP 97,218,225.52
1-Jun-23				85.00%	17%	19%	3,146	PHP 68,223,817.00
7-Jun-23				109.00%	15%	32%	1,272	PHP 29,400,813.44
29-Jun-23				104.20%	16%	54%	106	PHP 15,431,828.59
1-Jun-23				73.00%	19%	33%	1,137	PHP 8,257,189.56
							18,717	PHP 337,496,432.59

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

MLR – Medical Loss Ratio
CM – Contribution Margin
TCV – Total Contract Value
DNR – Did Not Renew

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Mr. A. Go inquired as to the issues in which they could intervene so that they can find solutions.

Ms. Victoria responded that depending on the size of the account and complexity of the benefits, Maxicare performs monthly and regular reporting on utilization data. As much as possible, Maxicare injected steerage, even if the cost drivers were inpatient. In ER, solutions were provided on animal bite and direction campaigns. Block and pay solutions have similarly been utilized to minimize risks for spiked cases.

Mr. A. Go asked that for those with higher cases such as pneumonia and the like, whether there were certain factors that could be predicted from the ACU for the annual checkup to help prevent these. He was answered that considering that this was viral, this cannot be predicted unlike hypertension.

Mr. A. Go suggested to build something that could predict these sicknesses so that those patients could be prevented from going to the hospital i.e., vaccines. He further pointed out that the thing that was most concerning to him were the high losses, and the need to deal with them.

It was explained that since there had been lesser new business for the year, Maxicare was only at compared to the net loss of last year. The remaining pipelines were currently being reviewed for July to December. Alignment was also being made with BCG on the pricing methodology for the must-win accounts.

It was discussed that there was also a strategy to on the top 100% identified accounts. The Sales Team will endeavor to hit a higher closing rate.

Mr. A. Go noted that it would not be optimal to let go of some accounts since once they are gone, they usually never come back.

Mr. A. Go further requested to report the current statistics as to the recovery (i.e., those that go back).

The Gain-Loss Report was presented as follows:

Jan - Jun 2024

Gain - Loss Study (in Millions)

Competitor	Competitive Gain # Headcount	Competitive Gain # of Account	Competitive Gain Total Contract Value	Competitive Loss # Headcount	Competitive Loss # of Account	Competitive Loss Total Contract Value	Net # of Headcount	Net # of Account	Net TCV	%
ETIQA	16,311	5	417 M	1,460	4	22 M	14,851	1	395 M	27.88%
FRESH ACCOUNTS	5,658	36	78 M	0	0	0 M	5,658	36	78 M	5.50%
GREPALIFE	2,427	1	39 M	0	0	0 M	2,427	1	39 M	2.75%
MAXICARE	2,027	11	15 M	75	2	3 M	1,952	9	12 M	0.84%
PACIFIC CROSS	279	3	5 M	0	0	0 M	279	3	5 M	0.39%
CareHealth Plus	100	1	1 M	0	0	0 M	100	1	1 M	0.07%
EASTWEST	336	2	4 M	396	1	4 M	-60	1	0 M	0.00%
SELF-ADMINISTERED	144	1	2 M	249	3	2 M	-105	-2	0 M	0.00%
PURPLE COW	0	0	0 M	79	1	3 M	-79	-1	-3 M	-0.18%
FORTICARE	0	0	0 M	367	1	4 M	-367	-1	-4 M	-0.27%
HIVE HEALTH	0	0	0 M	341	1	5 M	-341	-1	-5 M	-0.36%
LIFE AND HEALTH	0	0	0 M	1,612	1	7 M	-1,612	-1	-7 M	-0.52%
HC&D	0	0	0 M	978	1	20 M	-978	-1	-20 M	-1.41%
NONE	942	4	25 M	3,426	24	55 M	-2,484	-20	-30 M	-2.13%
VALUCARE	1,120	1	14 M	5,887	1	51 M	-4,767	0	-36 M	-2.56%
GENERALI	192	1	3 M	8,056	4	90 M	-7,864	-3	-87 M	-6.16%
PHILCARE	2,773	5	46 M	9,421	10	159 M	-6,648	-5	-113 M	-7.98%
INSULAR LIFE	117	1	2 M	6,353	9	125 M	-6,236	-8	-122 M	-8.63%
MEDICARD	4,062	17	71 M	14,196	13	268 M	-10,134	4	-197 M	-13.93%
COCOLIFE	437	2	6 M	16,904	13	305 M	-16,467	-11	-299 M	-21.13%
OTHERS/DID NOT DISCLOSE	249	3	5 M	17,558	61	316 M	-17,309	-58	-311 M	-21.93%
INTELLICARE	9,349	20	256 M	37,642	12	579 M	-28,293	8	-323 M	-22.81%
ICARE	0	0	0 M	39,327	3	388 M	-39,327	-3	-388 M	-27.41%
TOTAL	**46,523**	**114**	**989 M**	**164,327**	**165**	**2407 M**	**-117,804**	**-51**	**-1417 M**	**100.00%**

TCV – Total Contract Value

The highest gain was from Etiqa, driven by the first quarter performance on new business, majority of which was from Bank of the Philippine Islands.

The highest net loss was from ICare. shifted to ICare last 01 April 2024. The proposal back then was a 39% increase at Php 380 Million. On the other hand, ICare proposed a Php 320 Million renewal offer which was only 7% increase despite their 109% loss ratio.

Mr. A. Go inquired whether ICare was related to Insular Life. It was explained that a separate report would be prepared for Insular Life as the report on ICare tackled HMOs and medical insurance plans.

Mr. Buenaventura noted that he can't recall a time when Maxicare had lost a big account to ICare. He likewise noted that this was an unprofitable account to begin with. He inquired whether ICare was becoming more aggressive.

Mr. Argos discussed that ICare has been described by the brokers as the "blooming HMO" because they have been pricing very aggressively. The second factor was that their head of sales was also the actuary doing the pricing. Third, in the Quarter 1 industry report, half of their revenue was only half of their membership fees, while their utilization healthcare benefits expenses was almost double than their membership fees. Thus, they were losing money.

The source of their other revenue was unknown but what was attributable to their membership fees was way below than what they pay out in healthcare benefits.

Nonetheless, Mr. Argos discussed that they would have to see the Quarter 2 financials. Maxicare had already submitted Quarter 2 financials and it seemed like the IC was turning around the industry reports a bit faster. Hence, they hope to see the same by August, or even before the Quarter 2 report.

Ms. Victoria added that ICare was also able to get , a long-term client of Maxicare. was, however, on the 20% loss ratio. Maxicare does not see in major accounts renewed this quarter. She noted that the shift was due to servicing issues.

Fo , their shift may be related to their transition issues. ICare offered three (3) months transition for enrollment while Maxicare only offered one (1) month. She mentioned that after a quarter, that was when they can see most of the availment concerns. In response to Mr. Gokongwei's question, it was further explained that if the transition was extended, especially for dependents, the premium will be prorated at a much higher rate and the margins would be very high. Thus, the company did not want the extension.

Mr. Argos noted that a good example was when an extension was given to them at the last minute because they said that Medicard could not take over, they computed the cost of the extension plus the annual fees of Medicard, it turned out to be more expensive and they decided to stay. The extension rate was not even the rate which was offered.

Consumer Sales

Ms. Rodelee Uy ("Ms. Uy") noted that as to consumer sales performance, it was reported that the 92.35% achievement vis-à-vis target growth compared to last year's performance was 15.04% despite shelving Prima Silver, EReady, and EReady Advance. Further figures were presented as follows:

Consumer Sales

June 2024 Consumer Sales - 92.35% Achievement vs. Target or 15.04% Growth Year on Year Growth

	2024 Actual Performance (M)	2023 Actual Performance (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
New Business	823	694	18.47%	128	985	83.52%
Renewal Business	1515	1,337	13.27%	177	1546	97.98%
Consumer Total	**2,337**	**2,032**	**15.04%**	**306**	**2,531**	**92.35%**

Note: June Target is less than EReady, EReady Advance and Prima Silver Target

- SME Gain & Loss
  - Highest Gain ***Fresh Accounts at 226M***
  - Highest Loss ***None at 128M***
  - Highest Net Gain ***Fresh Accounts at 226M***
  - Highest Net Loss ***None at 128M***

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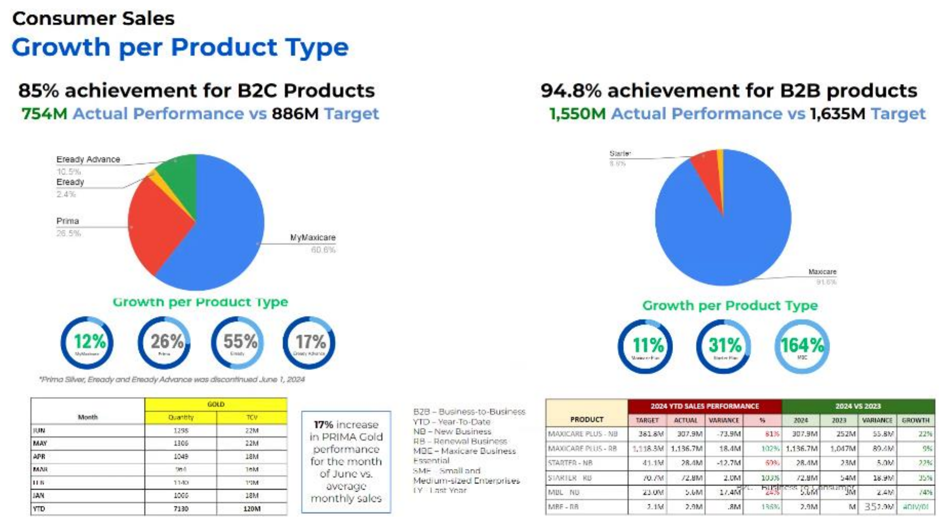
For New Business, the Corporation was able to achieve Php694 Million at 18.47% growth vs target which was at 83.52%. On the other hand, Renewal Business was at Php 1.33 Billion translating to a 13.27% growth vs. target of 97.98%. As shown in the graph above, June's performance was at 93%. Ms. Uy noted that this was expected to end at 96%, considering the late renewals of some of the accounts.



Since ceasing the sale of Prima Silver, EReady, and EReady Advance, B2C performance had stalled. On the other hand, MyMaxicare was able to maintain its growth at 12%. Prima Gold also posted a 17% increase in sales performance for June vis-à-vis the average monthly sales. B2B Products were noted to be at 94.8% achievement. Deficit business sales were slowly catching up.

The Per Capita Cost Growth were presented as requested last Executive Committee meeting, viz:

Consumer Sales

Per Capita Cost Growth - B2C & B2B Products as of May 2024

	2024 YTD (Jan to May)			2023 YTD (Jan to May)			comparison 2024 vs 2023		
PRODUCT TYPE	2024 Actual NCV (net of comm)	Headcount	per capita	2023 Actual NCV (net of comm)	Headcount	per capita	NCV Growth (+/-)	Headcount growth (+/-)	per capita growth (+/-)
	302,976,062	11,429	26,509	262,378,241	10,523	24,934	15.47%	8.61%	6.32%
	18,111,635	16,433	1,102	11,965,597	16,731	715	51.36%	-1.78%	54.11%
	152,350,251	14,544	10,475	117,676,709	17,933	6,562	29.47%	-18.90%	59.63%
	71,392,337	16,491	4,329	59,226,785	14,163	4,182	20.54%	16.44%	3.52%
SUBTOTAL	544,830,285	58,897	9,251	451,247,332	59,350	7,603	20.74%	-0.76%	21.67%
	842,246,411	47,462	17,746	919,050,267	58,713	15,653	-8.36%	-19.16%	13.37%
	74,056,363	4,945	14,976	61,260,403	4,399	13,926	20.89%	12.41%	7.54%
	3,340,045	636	5,252	2,126,300	322	6,603	57.08%	97.52%	-20.47%
SUBTOTAL	919,642,819	53,043	17,338	982,436,970	63,434	15,488	-6.39%	-16.38%	11.95%
TOTAL :	1,464,473,104	111,940	26,588	1,433,684,302	122,784	23,091	2.15%	-8.83%	15.15%

B2B – Business-to-Business
B2C – Business-to-Consumer
NCV – Net Contract Value (net of commission)
SME – Small and Medium-sized Enterprises

All products types have growth except for [redacted] is a product that has two variants: [redacted] Out of the 107 number of accounts, 12% of that for this year would only cover [redacted] and that affected the per capita cost for [redacted]

Mr. A. Go requested for the breakdown for June 2024 as to the comparison above.

Mr. Argos likewise clarified that the reconciliation was still in progress regarding the figures above.

For the Gain-Loss Study, the below showed consistent results for the past months:

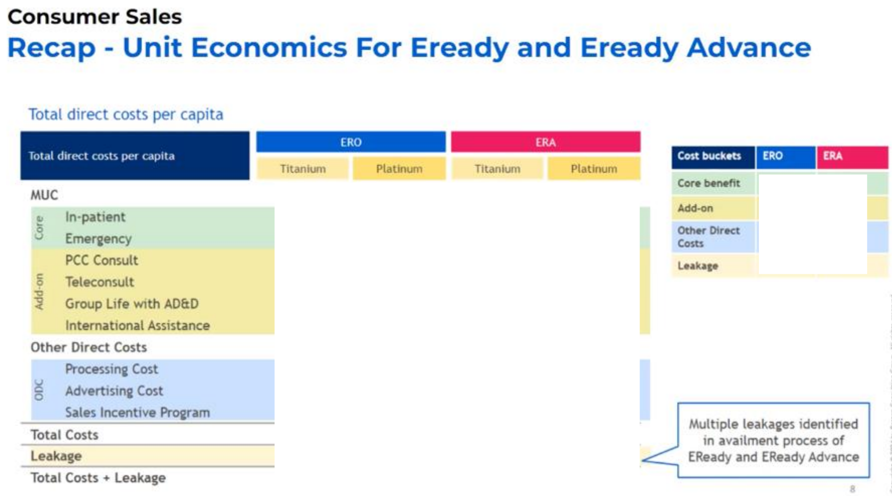
Consumer Sales

Gain - Loss Study (in Millions)

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	13,212	773	226 M	0	0	0 M	13,212	773	226 M	297.76%
MAXICARE	1,658	99	28 M	609	34	10 M	1,049	65	18 M	23.35%
INTELLICARE	1,052	31	19 M	414	12	6 M	638	19	13 M	16.47%
GENERALI	362	4	6 M	134	3	2 M	228	1	4 M	5.74%
EASTWEST	158	4	4 M	0	0	0 M	158	4	4 M	4.94%
AVEGA	137	2	3 M	0	0	0 M	137	2	3 M	3.80%
CareHealth Plus	127	7	2 M	0	0	0 M	127	7	2 M	2.65%
GETWELL	56	2	1 M	0	0	0 M	56	2	1 M	1.27%
HMI	27	1	1 M	0	0	0 M	27	1	1 M	0.95%
GREPALIFE	38	1	0 M	0	0	0 M	38	1	0 M	0.61%
CARITAS	21	1	0 M	0	0	0 M	21	1	0 M	0.45%
AXA	13	1	0 M	0	0	0 M	13	1	0 M	0.29%
INLIFE HEALTHCARE	62	5	2 M	82	3	2 M	-20	2	0 M	-0.03%
PHILAM LIFE	0	0	0 M	21	1	0 M	-21	-1	0 M	-0.39%
MEDICARD	660	30	15 M	701	10	16 M	-41	20	-1 M	-0.68%
ETIQA	93	1	2 M	160	6	3 M	-67	-5	-1 M	-1.35%
PACIFIC CROSS	139	6	3 M	241	6	5 M	-102	0	-2 M	-2.06%
SELF-ADMINISTERED	0	0	0 M	104	2	2 M	-104	-2	-2 M	-3.09%
COCOLIFE	40	1	1 M	208	5	4 M	-168	-4	-3 M	-4.17%
VALUCARE	152	6	2 M	477	12	6 M	-325	-6	-3 M	-4.48%
PHILCARE	607	21	12 M	1,115	19	16 M	-508	2	-4 M	-5.04%
OTHERS/DID NOT DISCLOSE	701	28	15 M	4,298	216	67 M	-3,597	-188	-52 M	-68.74%
NONE	0	0	0 M	8,334	419	128 M	-8,334	-419	-128 M	-168.24%
TOTAL	19,315	1,024	341 M	16,898	748	265 M	2,417	276	76 M	100.00%

When Maxicare stopped selling eReady and eReady Advance, management started working with BCG on the review of the products. The table below showed where the costs were derived:

[8] MBE: Maxicare Business Essential



It was reported that the total costs plus leakage for EReady Titanium was at which meant that at the current price of Maxicare was already losing. Maxicare was only profitable for EReady Advance Platinum a

The EReady and EReady Advance product review and recommendations were presented as follows:

In the recommendation, the following factors were considered:

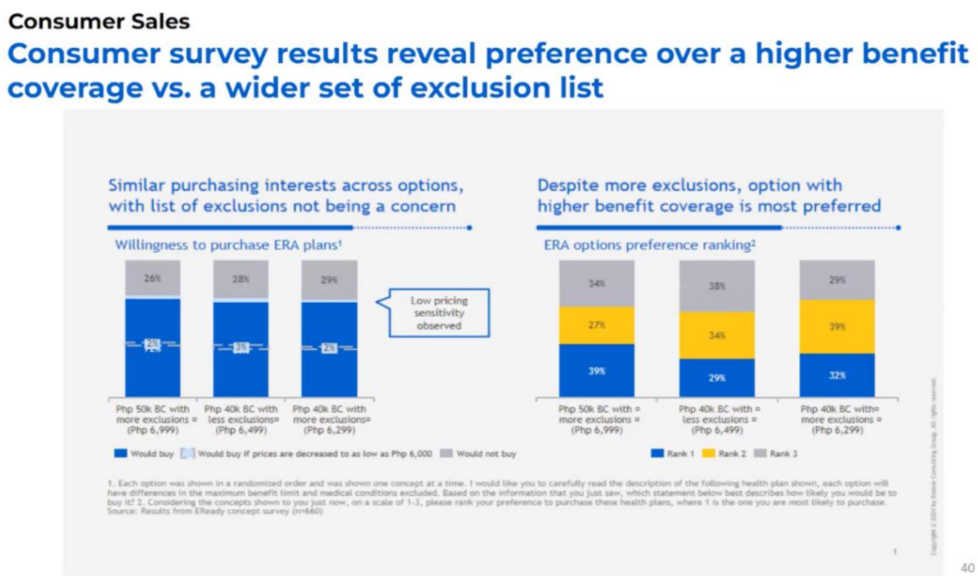
(1) Pricing;
(2) Benefits Package;
(3) Operational Readiness; and
(4) Market Strategy.

It was recommended that instead of two (2) variants per product, Maxicare would . For instance, EReady original will have a product and coverage wil EReady advance will ‿.. This new product was positioned to cover

Ms. Uy discussed that 553 ICD Codes have been listed which will be included in the current package. These would be non-emergency in nature. Examples were hypertension, lipidemia, diabetes, etc. Excluded were the chronic illness such as STDs and the likes because of the high risk in the utilization of these illnesses.

She also reported that a survey was conducted given the significant potential change on the premium and coverage. The goal was to understand the appetite of the market and their preference on the benefits and exclusions list. The intention was to submit the new product to the IC on the afternoon of 17 July 2024, so that the product could be relaunched by

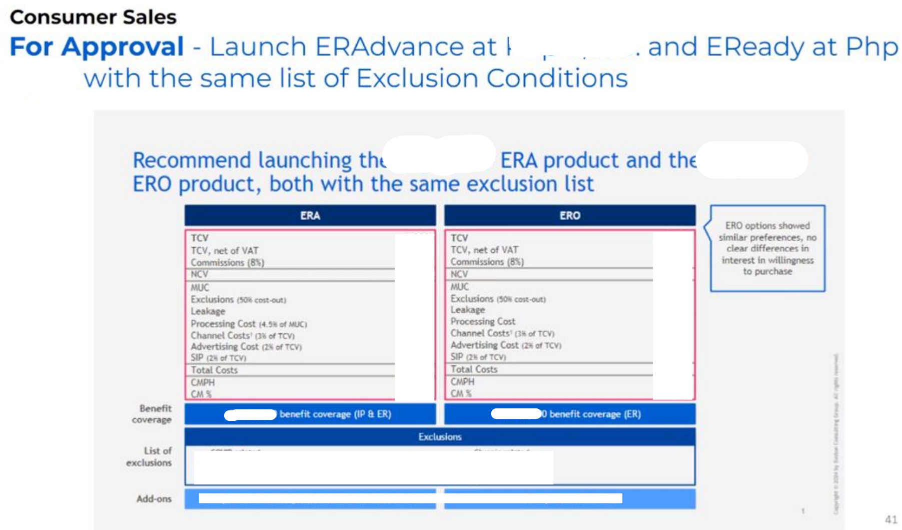
The results of the survey, which had 857 respondents, were as follows:



Out of the 857 respondents, 75% were interested in purchasing the product. It was stressed, however, that interest in buying the product was distinct from actually buying the same.

The first left graph showed different limits and price points. It was observed that there was a low pricing sensitivity in these options. Meanwhile, the second right graph showed different coverage of exclusion conditions at different price points. Despite more exclusion, the one with higher limits was most preferred by the respondents.

With this, the recommendation was to launch the following:



(1) variant for EReady and EReady Advance;

(2) The price for EReady and EReady Advance would be at I at 20% CM and the price for EReady Original at I at 25% CM. The limit for EReady Advance would be I whereas the limit for EReady Original would be only; and

(3) Both products would have the and the The EReady Advance will have the product. It would include EReady would include

Mr. Gokongwei asked how these products would be sold (i.e. face-to-face, GCash or Tiktok). Ms. Uy explained that it would be sold via With the help of agents, corporate accounts and sellers were considered. For the direction was to move the products to the Maxicare online stores. Clients were using other online platforms like Shoppee and Lazada for eReady and eReady Advance products, while customers preferred to use the Maxicare online store for Prima products.

Mr. A. Go inquired whether it was possible to sell the products at the PCCs (i.e., exit channels etc). It was explained that a scanner of the PCC with QR Code was supposed to be placed. The scheme would be cashless. As mentioned, a payment gateway with ECS had been built and a QR Code can now be scanned and directed to the online store. All of these existing products were being enhanced for profitability.

Ms. Uy continued that for October to December 2024, the team projected that around 5,000 cards would be sold. For 2025, the projection would be around 25,000. Mr. A. Go commented that such figures were very modest.

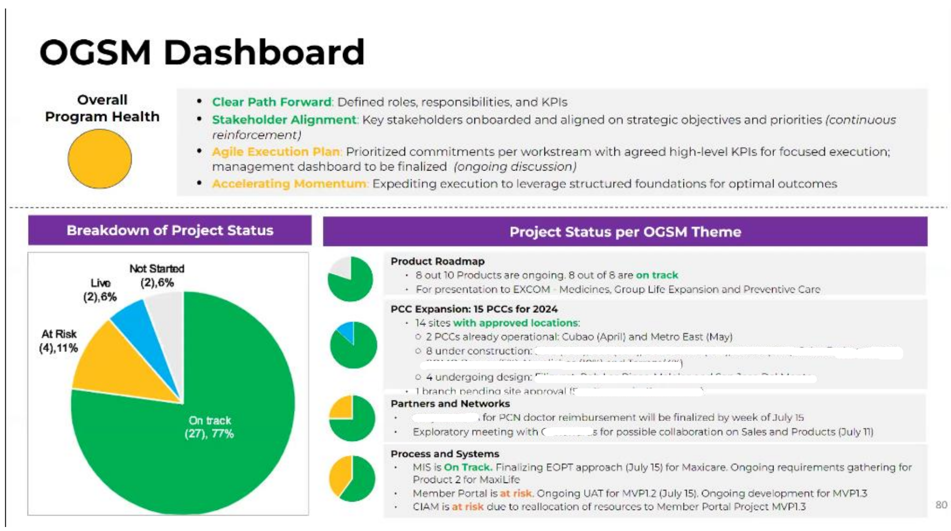
Mr. Argos explained that the figures were low because the same was tied up with the ticket price. The aim was to lower the price points. It was discussed that the solution was really a combination of finding the right product for a particular market.

Mr. Argos pointed out that most of the Maxicare members were rank and file, hence, their salaries were closer to the minimum wage. Thus, Maxicare must consider the right product for each member. For instance, this can be determined by identifying the plan of a particular member. If the member has a Platinum Plan, such member would be offered a higher priced product.

v. OGSM Updates

Overall Status

Ms. Caryl Ko ("Ms. Ko") presented the over-all updates for OGSM, viz:



She reported that alignment the respective streams had already been completed. Moving forward, the focus was on completing the project dashboard for many resources to help accelerate the implementation output.

As to the Product Roadmap, the products were back on track. PCC Expansion remained to be on track as well.

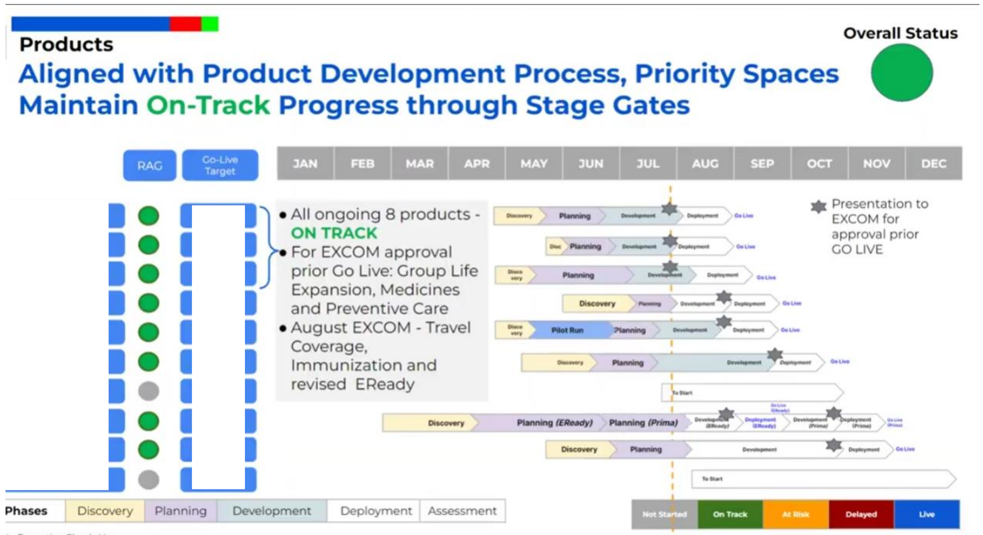
For Partners and Networks, this remained at risk but there were two collaboration opportunities with . The MOA[9] with was being finalized.

[9] MOA: Memorandum of Agreement

For Process and Systems, the track remained at risk due to the possible delay in launching the member portal, particularly MVP 1.3, the development of which had not yet started.

Products

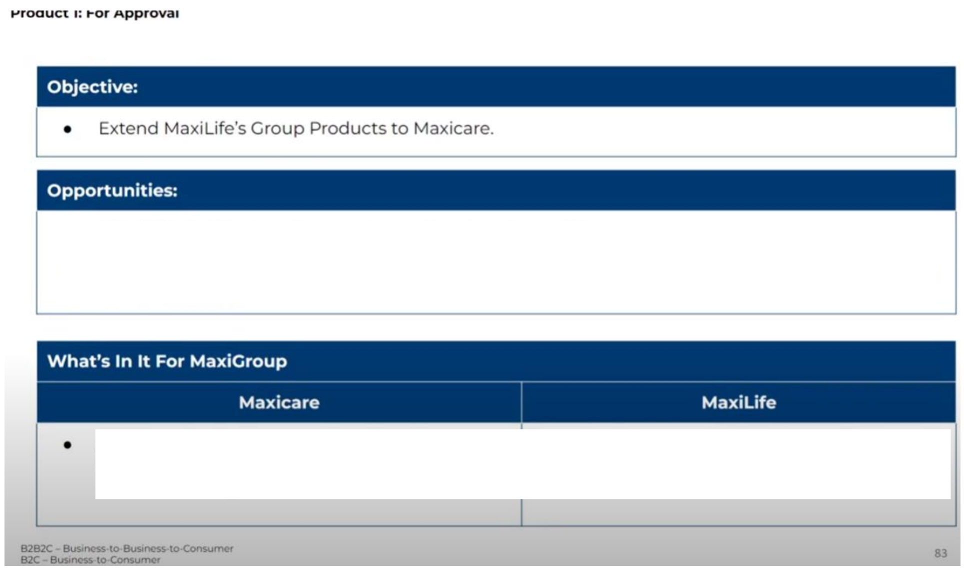
Ms. Jenina Malapitan ("Ms. Malapitan") reported on this matter and presented the following:



She relayed that the status was on track and the team had been working on eight (8) out of ten (10) products. Two products were proposed for approval:

For the next Committee meeting, the following products would be presented: (1) Travel Coverage; and (2) Immunization.

The was the first item for approval. She shared that the main objective of the product was to extend MaxiLife's Group Products to Maxicare members through embedding in the HMO or individual accounts. To wit:



She clarified that the Group Life expansion (products and riders) would be under Phase 2 and that Phase 1 relates to the 17 Ready Now products that were launched last March 2024.

As of 05 July, there were members of Maxicare who already had Group Life. There was also a conversion of Group Life coverage for individuals who resigned or were separated from their employers.

The existing average amount of insurance was at I . This could be further increased to or even up with no required medical underwriting.

She then discussed the benefits for Maxicare and Maxilife. Ms. Malapitan pointed out that for Maxicare, the same would extend to different kinds of riders to be made available to Maxicare's clients. For Maxilife, the Group Life expansion would serve as additional revenue stream for its products.

Further, for Maxicare, an offer including could be made. Other HMO competitors only offered a live rider as part of their HMO plan. For Maxicare, however, they would be able to offer

The following table was presented reflecting the detailed description of products under Phase 2:

Ms. Malapitan explained that the plan covered 42 critical illnesses plus accelerated life in case of death or diagnosis, whichever came first. The was for recovering from such events. Mr. B. Go asked if these were high-end products, which Ms. Malapitan confirmed.

For the target market, the product would be embedded to all B2B Clients of Maxicare or the accounts under Corporate, Maxicare Plus, Maxicare Business Essential, and Maxicare Starter Plan.

For B2C Products of Maxicare, the Phase 1 was already embedded . The amount of insurance shall differ per OGSM Persona

In terms of bundling, the MaxiLife Base Plans will come with a recommended set of riders that follow a certain theme and can be taken as riders to Maxicare products. All applicable riders for these base plans will be made available for Maxicare to mix-and-match:

The themes of the Group Life Expansion were presented as follows:

She then presented the following themes in relation to the products to be offered and marketing strategies:

Mr. A. Go asked how these products would be sold and if these would be sold together with the Maxicare Sales team. Ms. Victoria responded that there will be a collaboration between Maxicare and Maxilife on the B2B side. She explained that the first task was to identify how many had the embedded products and how many were without the Maxilife products. Hence, the first strategy was to embed the Maxilife products. If the account has a stand-alone policy from the HMO, then the account should be able to pursue negotiations directly. The Maxicare Team would also do upselling and attachment of riders. She noted that the subsequent layers would be the next sprints of the products.

Ms. Malapitan proceeded to discuss on the Customer Experience:

The main objective of the is to offer competitively priced medicines and to provide ease of purchase and procurement, while the other objective is to steer members to Maxicare PCCs which shall result to increasing foot traffic in branches.

For the opportunities, there had been a monthly average of 78,801 (June 2023 to May 2024) consultations across all Maxicare PCCs. The same would also grow the customer base of the existing nearest Maxicare PCCs and build new branches near PCCs.

The benefits for MaxiGroup would be as follows:

What's In It For MaxiGroup			
Maxicare	MaxiLife	MaxiHealth	Southstar Drug

She next tackled the product design, viz:

Ms. Malapitan further discussed that for Phase 1, discounts would be offered: for branded medicine, and for generic brands. This would be reviewed every quarter, exclusive to all PCCs based on the top 100 medicines prescribed from the PCC. This would be piloted at only five (5) selected branches:

For Phase 2, three (3) versions of the products would be offered:

Program Phases	Offer	Qualified Base Products	Market
Phase 2 Online Integration			

Mr. A. Go inquired whether these products were paperless. It was confirmed that the products were paperless for Phase 2. As such, Ms. Malapitan added that the team would need 11-12 months for the online integration.

Mr. A. Go emphasized that transactions between Maxicare and Maxilife should be paperless. Transactions between and MaxiGroup should all be paperless as well, if possible. He instructed that a timeline should be placed on when the transactions would be paperless.

The following slides were presented to show the distance of the pharmacies to the pilot PCCs:

Ms. Josephine Lopez ("Ms. Lopez") suggest to consider the PCC in [redacted] as there was also a [redacted] in the mall. This was noted by Ms. Malapitan. It was explained that what was shared to the team were the stand-alone branches.

Product 3: For Approval

Objectives
• Additional revenue stream through preventive care product • Early disease diagnosis can result to less utilization • Proactive management in taking care of health • Profile customers and tailor-fit preventive care offering according to their health needs

Opportunities:

What's In It For MaxiGroup			
Maxicare	MaxiLife	MaxiHealth	Southstar Drug

As of 07 July 2024, it was reported that Maxicare has a total of 6,398 accounts, equivalent to 922,000 members with Annual Check Up ("ACU") benefits. All new corporate and SME accounts can have the option to add a preventive care package to their plan.

This would provide Maxicare with the following:

(1) Through tailor-fit offering, members can catch serious health conditions in early stages, resulting to lesser utilization;
(2) Value added service by providing extended benefit to members; and
(3) Widening of product portfolio.

The details for the product design were presented as follows:

The main differentiators were additional

In terms of target market and persona, the product would be segmented as follows:

The figures for the product metrics and targets were presented as follows:

Several discussions were made regarding the target market of these products as well as defining the tests that members should do during their ACUs. As per Mr. Argos, tests under the ACU beyond the package of the member should be paid by the member.

The next topic under OGSM was the PCC expansion, which was discussed by Ms. Lopez under MaxiHealth ("MHSI").

vi. Items for Approval

Ms. Espallardo presented items for approval for the Finance Department, as follows:

1 Finance: Investment Limits - Counterparty Banks

This item was skipped.

2 Finance: Revolving Fund and Advances to MHSI

Ms. Espallardo explained that this item was for the Committee's approval and subsequent approval by the Board of Directors regarding the related party transactions ("RPT") of Maxicare with MHSI. The first is to establish a revolving fund of [redacted], which was [redacted] of the current monthly transaction volume but it was expected that this would just be equivalent to one-month volume of transactions. This was likewise already included in the service agreement between Maxicare and MHSI and is similar to other medical providers with revolving funds like Makati Medical Center and Medical City. The second was to extend advances totalling [redacted] in three tranches with the scheduled drawdowns as shown in the table above. Ms. Espallardo explained that Maxicare will execute a debt document for this covering the one-year term and that such advances would be interest free. The documentary stamp tax will be paid by MHSI and this would approximately be [redacted]. These advances would be used by MHSI to build its fifteen clinics. Mr. Argos noted that the RPT Committee had approved this item.

Mr. B. Go clarified if the team has looked beyond one year and if this would be sufficient for MHSI's expansion plans. Ms. Lopez mentioned until Maxicare would be able to consume its NOLCO, they are being charged. She noted that there will come a time that MHSI will be self-sufficient.

This was approved by the Committee.

3 LMS & CSAT Tools Executive Summary

Mr. Axel Materne ("Mr. Materne") presented the next item for approval which was the procurement of the Learning Management System ("LMS") and Customer Satisfaction Survey ("CSAT") Tools as shown above. He emphasized that these tools would aid in Maxicare's training capability.

In addition, he also sought for approval to get Survey Vista, which would enable instantaneous feedback from its respondents. The benefits of this tool are likewise reflected in the slide above.

The costs for these tools are:

3 LMS & CSAT Tools Executive Summary

Mr. Materne explained that I annualized savings was expected from these tools while the total projected savings would be .

This was approved by the Committee.

vii. *Profitability Study*

Mr. Macapagat discussed the Profitability Study, as summarized below:

Profitability Study I Summary

He highlighted that for EReady and EReady Advance, the figures were starting to go down due to the stop in sales and these are expected to continue to go down.

Mr. B. Go clarified if the costs were necessary costs. Mr. Argos responded that in their current way of working these were necessary therefore, the manner of working has to be revisited and the costs have to managed better.

It was discussed that if the consumer products are priced for profit then these would not be competitive. Mr. Gokongwei asked why these products should be sold if these were not profitable. Mr. Argos responded that this is why they stopped selling these products and then redesigned them keeping in mind how these products should be supported operationally and from a sales and distribution perspective to hit the target price point.

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:

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ATTY. DANNY E. BUNYI
Corporate Secretary

Attested by:

DocuSigned by:

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ANTONIO L. GO

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LANCE Y. GOKONGWEI

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ESTHER WILEEN S. GO

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