

MAXICARE HEALTHCARE CORPORATION

MINUTES OF THE EXECUTIVE COMMITTEE MEETING

Boardroom, Maxicare Tower
203 Salcedo Street, Legaspi Village, Makati City¹
28 August 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
BJ SEBASTIAN
MARIA TERESITA A. ESPALLARDO
GULLY GO
JASPER HENDRIK CHENG
JOE MERRITO P. BUOT
FIONA MARIE L. VICTORIA
RODELEE UY
JOSEPHINE LOPEZ
JOSE PASTOR Z. PUNO
ELIZABETH GREGORIO
ATTY. ANDREW FORNIER
RAYMOND HERNANDEZ
ROCKY DE CASTRO
CARYL KO
MARIA FE AGNES BATUNGBACAL
MIKE MANRIQUE
ERICA PUENTEVELLA
K MARANON
MEG YAP-AGUINALDO
KEISHA KIBANOFF
RACQUEL ADORABLE
IVAN LALUCIS
ARIANNE DE LEON
JENINA JOY MALAPITAN
LAURENZ DALANGIN
ATTY. DANNY E. BUNYI
ATTY. MARY ZOELLI R. VELASCO
MARIA ESTRELLA GARCIA
RIZ GAURAN

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

I. Call to Order

Mr. Antonio L. Go (“Mr. A. Go”), acted as the Chairman and called the Executive Committee (the “Committee”) meeting to order and presided over the same. The Corporate Secretary, Atty. Danny E. Bunyi, (“Atty. 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 17 July 2024.

IV. Reports

A. Financial & Sales Performance

i. First Half (1H) 2024 Industry Performance

For the first item of discussion, Ms. Maria Teresita Espallardo (“Ms. Espallardo”) reported on the Health Maintenance Organization (“HMO”) Industry Report, which was based on information from the Quarter 1 (“Q1”) and Quarter 2 (“Q2”) Insurance Commission (“IC”) HMO Industry Statistics Report. The information provided in this report was limited to major account groupings which covered invested assets, liabilities, equities and capital stock. Revenues and membership fees from full risk accounts were effective from the Q2 report. In the previous report, the membership fee included Administrative Services Only (“ASO”) enrolled receipts.

Intellicare was presented as a combination of Asalus and Avega. Due to limited information, however, the intercompany balances and transactions were not identified, and therefore not eliminated.

The table below shows the top six (6) players in the industry with a significant market share of 94.09% in terms of revenues, *to wit*:

REVENUES (In Php Millions)	Q2 2024			Q1 2024			1st Half of 2024			FY 2023			Change in Market Share (1H 2024 vs FY 2023)
NAME OF COMPANY	Amount	Rank	Market Share	Amount	Rank	Market Share	Amount	Rank	Market Share	Amount	Rank	Market Share	
Maxicare HealthCare Corp	7,140	1	35.56%	6,887	1	36.87%	14,027	1	36.19%	25,540	1	38.23%	-2.04%
Intellicare (Asalus and Avega)	5,434	2	27.07%	5,235	2	28.02%	10,668	2	27.53%	18,996	2	28.44%	-0.91%
Medicard Philippines, Inc.	3,025	3	15.07%	2,693	3	14.42%	5,719	3	14.76%	10,001	3	14.97%	-0.21%
Philhealth Care, Inc.	1,629	4	8.11%	1,481	4	7.93%	3,110	4	8.02%	3,896	4	5.83%	2.19%
Insular Health Care, Incd	935	5	4.66%	656	6	3.51%	1,591	5	4.11%	1,504	6	2.25%	1.86%
Value Care Health System, Inc.	669	6	3.33%	680	5	3.64%	1,350	6	3.48%	2,546	5	3.81%	-0.33%
Others	1,244		6.19%	1,047		5.60%	2,290		5.91%	4,322		6.47%	-0.56%
Total Industry	20,075		100%	18,679		100%	38,754		100%	66,805			

In the IC report, revenues include membership fees, interest income, and all other income. Maxicare HealthCare Corp. (“Maxicare”) led at 36.19%, followed by Intellicare with 27.53%, followed further by Medicard Philippines Inc. (“Medicard”) with 14.76%.

As shown in the above table enclosed in a green box, a new entrant in the top 5 was noted. At the fifth place, Insular Health Care, Inc. (“ICare”) had a market share of 4.11% in terms of revenues, overtaking Value Care Health System, Inc. (“Value Care”). ICare gained 1.86% market share compared to its 2023 market share.

On the other hand, ICare’s net income for Q2 alone of Php110 Million, put the same in third place ahead of Philcare, Value Care and Medicard. It is interesting to note, however, that its revenues for the first half of 2024 at Php1.59 Billion surpassed its full year 2023 of Php1.5 Billion. The total revenues and health benefits and claims of Php1.5 Billion exceeding membership fees of Php830 Million by Php321 Million. This meant that the core business of ICare actually had a negative Contribution Margin (“CM”).

Mr. A. Go emphasized the need to indicate annotations at the bottom of the presentation.

Mr. Rene J. Buenaventura (“Mr. Buenaventura”) inquired whether there was a breakdown of the net income as to Full-Risk versus ASO. Ms. Espallardo explained that since what was presented was the IC quarterly report, such details were not provided. However, Ms. Espallardo committed to get such information once the Audited Financial Statements (“AFS”) of ICare become available.

Mr. A. Go emphasized the need to analyze the market share of Maxicare – from 38.23% for year 2023 to 36.19% in Q2 2024. He inquired what were the actions taken to stop the decline.

Mr. Christian Argos (“Mr. Argos”) explained that as the Corporation enters the renewal season, a budget of _____ had been set aside for Total Contract Value (“TCV”) of accounts intended to be won back. It was also mentioned that Clients were willing to move back if the price differential was not too big and even if Maxicare was more expensive. The _____ budget was allocated to the accounts which have expressed to come back this 2024.

Mr. Argos further discussed that the accounts moved away last year because of significant price pressure, but because of bad experience from their current providers, they were open to coming back to Maxicare. Mr. Argos concluded that recovery should soon be seen towards the end of 2024.

Mr. A. Go inquired whether the recovery of accounts would bring Maxicare back to a market share of 38.23%. Mr. Argos answered that the market share would have to be measured again by Q1 of 2025 because that would be the time when all price increases would take effect and that would be the true representation of their renewal performance.

Mr. A. Go further asked the relevancy of Maxicare's products, and whether the features thereof were still attractive to customers. He wanted to understand how Maxicare's products were differentiated from others. Mr. Argos responded that the renewal experience showed that customers were willing to pay more to stay with Maxicare. The key proposition and differentiator that resonated much was the Primary Care Centers ("PCCs"), not just from a cost perspective, but from a patient-experience perspective. The market also recognized that Intellicare would start building new clinics. Thus, Mr. Argos strongly recommended to never rely on the differentiators of the clinics as they currently operate and he emphasized that Maxicare has to improve service quality.

Mr. A. Go agreed, stating that premium services must be given for premium prices.

Mr. Brian Go ("Mr. B. Go") raised a clarification as to the I budget discussed by Mr. Argos on whether it would have an impact on Net Income. Mr. Argos clarified that the budget pertained to I of TCV² that would be at a slightly lower CM³ than the standard. He noted that the current standard was at 60. He further discussed that the same should still be profitable, but there was a CM percentage target for the I .

Mr. B. Go further clarified whether approval on a per client basis would still be done, which Mr. Argos confirmed. He discussed that the status quo in approving authority would still be maintained, and that the budget was proposed on a sales planning and price strategy perspective.

Mr. B. Go asked for confirmation whether such budget was for next year, which Mr. Argos also confirmed. The negotiation for the 2025 budget was scheduled for this year, but most of the accounts would have been renewed by end of 2024 or by January 2025.

Mr. Argos explained that the last big renewal was , which closed at 19% increase and 15% CM. Icare and Intellicare quoted lower at a rate of 10%, yet the

²TCV: Total Contract Value.

³ CM: Contribution Margin.

account opted to stay with Maxicare despite the 19% increase. Mr. Argos noted that the same was a billion-peso account with a Php100 Million price differential.

In response to Mr. Roberto Macasaet Jr.'s query ("Mr. Macasaet"), Mr. Argos discussed the two factors which affect membership. First, was the headcount decrease and second was the number of lives covered. (The latter was asked because there was a presumption that the same declined faster given the trust towards profitable accounts.) It was noted that the optimum level of market share that ensured sustainable profitability for the business must be determined.

Mr. Michael Liwanag ("Mr. Liwanag") asked whether the number of lives covered was embodied in the report. Mr. Argos explained that the figures on the number of lives covered were not reported by the IC and the basis was TCV. He agreed with Mr. Liwanag's comment that Maxicare's TCV was higher compared to some of its competitors as their membership fee on average was also higher. The headcount of the competitors was always a guess. He remarked, however, that it was a safe assumption to say that Maxicare's headcount contracted and not just the revenue.

Mr. A. Go inquired as to the ratio of Maxicare's corporate accounts vis-à-vis individual accounts. In terms of revenue, Ms. Espallardo noted that the reports show that corporate accounts were about , while individual accounts were at

Mr. Argos discussed that in terms of headcount, the ratio was skewed towards corporate because there was a low average membership fee for the consumer side.

Mr. A. Go requested to make the individual accounts profitable (hopefully, more profitable than the corporate accounts) by bundling the same with other products (i.e., life and dental insurance).

Mr. Argos discussed that this was the core of Maxicare's OGSM and that the goal for the Corporation was to achieve

Mr. A. Go asked for the timeline for this to which Mr. Argos responded that a was intended for this target.

Discussions on improving individual-centered products continued. Mr. Argos opined that for traditional HMO products, the market for "individual" was small. That was why Maxicare was building non-traditional healthcare products. He noted that the exciting product was the new , the product design of which was nearing completion. He explained that

In terms of pricing, since the benefits for Prima were streamlined, the target CM was at for the Prima products. He mentioned that this was a good expansion of CM at a lower price point. Whatever was done in the PCC was charged with a top up, and the product was purely digital. Mr. Argos concluded that this product would aid in capturing the healthcare spend. Mr. A. Go asked if

this could be accomplished by December 25 to which Mr. Argos responded that the roadblock was that Maxicare should already have in place the systems that would support said product.

Mr. A. Go inquired whether the products have been defined. Mr. Argos confirmed that the product features have been reviewed and defined i.e., price point, benefits and process. Mr. A. Go asked when the same would be finalized. It was mentioned that the final product should be completed and that the intention was to make the implementation thereof purely digital. Mr. A. Go agreed that the product should capture digital features.

Mr. Bach Johann Sebastian (“Mr. Sebastian”) commented on the growing market share revenue of ICare and noted its healthy market share revenues and net income. He asked whether it was offering different products, and whether it was riding on its life insurance clients.

Mr. Argos explained that there were two companies related to ICare: Insular Health and Insular Life. (The one being discussed was Insular Health.) He pointed out that analyzing the revenue vis-à-vis membership fee would reveal that interestingly, their revenue was higher than the membership fee. Thus, if the membership fee was the item only considered, which was analogous to the rest of the industry, the market share would be far lower. Further, its invested assets were only . What was contributing over in revenue into ICare remained to be unidentified. If the revenue was taken out, they would be in a net loss of about I

The membership fees for HMO Services were less than the benefits paid. The sources for the in commission for two (2) quarters remain to be unidentified. Hence, while ICare gained market share from a revenue perspective, a big portion of the revenue was not related to membership fees.



As can be seen in the table above, Ms. Espallardo discussed that for the first half of 2024, the HMO industry generated Php637 Million in net income compared to a Php 1.18 Billion net loss in the same period last year. Hence, these figures showed that the industry was recovering.

She likewise reported that Intellicare topped the other HMOs for the first half of 2024 in terms of net income, which was at Php256 Million.

Ms. Espallardo then presented the top six (6) financial statements for comparison, viz:

YTD June 30, 2024	Php Millions									% of Membership Fees								
	Maxicare	Asalus	Avega	Intellicare	Medicaid	Philcare	ICare	ValuCare	Industry	Maxicare	Asalus	Avega	Intellicare	Medicaid	Philcare	ICare	ValuCare	Industry
Membership Fees* (excluding ASO Fees and Enrollees Fees)	13,616	10,008	136	10,146	5,408	3,048	830	1,310	36,565	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Healthcare Benefits and Claims	11,361	8,474	73	8,547	4,593	2,203	1,151	919	30,332	83.43%	84.66%	53.21%	84.24%	84.92%	72.27%	138.73%	70.16%	82.95%
Contribution Margin	2,256	1,535	64	1,599	815	845	-321	391	6,234	16.57%	15.34%	46.79%	15.76%	15.08%	27.73%	-38.73%	29.84%	17.05%
Other Expenses	(2,516)	(1,540)	(325)	(1,865)	(1,310)	(801)	(297)	(284)	(7,786)	-18.48%	-15.38%	-238.31%	-18.38%	-24.22%	-26.28%	-35.78%	-21.68%	-21.29%
Other Revenues (including ASO Fees and Enrollees Fees)	410	140	383	522	310	62	761	39	2,189	3.01%	1.39%	280.45%	5.15%	5.74%	2.03%	91.76%	2.99%	5.99%
Net Income	150	135	121	256	-184	106	143	146	637	1.10%	1.35%	88.93%	2.53%	-3.40%	3.48%	17.26%	11.15%	1.74%
Market Share on Gross Revenues	36.19%	25.79%	1.28%	27.53%	14.76%	8.02%	4.11%	3.48%	100.00%									

As of June 30, 2024	Php Millions									% to Total Assets								
	Maxicare	Asalus	Avega	Intellicare	Medicaid	Philcare	ICare	ValuCare	Industry	Maxicare	Asalus	Avega	Intellicare	Medicaid	Philcare	ICare	ValuCare	Industry
Assets*	16,827	16,847	3,085	20,042	10,507	5,788	4,241	2,899	69,265	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Invested Assets	8,218	1,526	264	1,790	5,161	1,914	360	970	21,305	43.41%	8.00%	8.53%	8.93%	49.12%	33.06%	8.50%	33.48%	30.76%
Other Assets	10,711	15,421	2,821	18,253	5,346	3,874	3,881	1,928	47,960	56.59%	91.00%	91.47%	91.07%	50.88%	66.94%	91.50%	66.52%	69.24%
Liabilities	16,926	15,555	2,273	17,828	8,016	4,981	3,824	2,078	58,322	89.43%	91.79%	73.43%	88.95%	76.29%	86.06%	90.17%	71.68%	84.20%
Equity	2,001	1,392	822	2,214	2,491	807	417	821	10,943	10.57%	8.21%	26.57%	11.05%	23.71%	13.94%	9.83%	28.32%	15.80%
Capital Stock	1,650	750	300	1,050	3,453	251	204	475	8,447	9.77%	4.43%	9.09%	5.24%	32.87%	4.34%	4.81%	16.36%	12.20%

The Industry Claims Ratio for the first half improved to 82.95% from 84.71% in Q1, and aligning with Maxicare by 83.43%, which was better than ICare at 84.24%. Medicaid at 84.92%, and ICare at 138.73%.

Value Care reported the lowest health benefit and claims ratio of 70.16%. Maxicare managed to keep its other expenses on the administrative side lower and competitors at 18.48% but his was with BCG fees. Without BCG fees, the other expense ratio would have gone down to 16.88%, which was the lowest and should have been the lowest among the top players, beating Intellicare at 18.38%.

Maxicare's net income of Php150 Million put it at second place after Intellicare. Medicaid continued to have a net loss of Php184 Million for the first half of 2024. For the balance sheet, the total assets of the industry as of 30 June 2024 were at Php69.26 Billion, which grew by 14% compared to 31 December 2023. Maxicare's total assets increased by 12%. Invested assets consist of cash and cash equivalents, financial assets, etc.

Maxicare continued to demonstrate liquidity, having the highest invested assets at Php8.21 Billion or 43% of its total assets. It was noted that Intellicare and ICare might not be able to meet its obligations with only Php1.79 Billion and Php360 Million invested assets, and at a very low 8.93% and 8.5%, respectively.

Other assets based on previous audit reports of Intellicare and ICare were primarily receivables. Capital infusion by Intellicare for Php 100 Million Q2 was noted.

Medicaid's paid-up capital was more than its net worth, with a deficit of Php962 Million as of 30 June 2024. Medicaid requested to be able convert its redeemable

preferred shares to share premium until 16 December 2024, which was approved by the IC on 18 March 2024.

Based on the data, Mr. B. Go inquired whether the industry was growing in terms of member count. Ms. Espallardo responded that member count was not provided in the IC report. Mr. Argos explained that such matter could only be speculated.

Mr. B. Go further asked whether the BPO industry in relation to HMOs were accelerating. Mr. Argos discussed that a lot of the companies which were supposed to outsource more work, paused such plans because of Artificial Intelligence (“AI”).

Mr. A. Go suggested to analyze the growth industry-by-industry, and that an industry expert must be assigned for a particular industry. Mr. A. Go suggested to consider the construction industry.

Mr. B. Go noted the growth in the marine (seamen) industry. Mr. Argos also raised that for seamen and their marine benefits, there were expressions of wanting to transition completely out of Medicare, and 100% to Maxicare. Such would double Maxicare’s TCV. There were risks, however, as the cost was high for seafarers in healthcare. According to him, the healthcare costs for Filipino seafarers was out of control.

Mr. Argos noted Mr. A. Go’s suggestion of looking into the construction industry but raised that most of the staff are contractual and so a tailor-fitted product must be developed.

Should they look into these industries, Mr. A. Go noted the following important factors:

- (1) eKYC; and
- (2) Remote consultation.

The eKYC concern was raised because there have been practices before where the beneficiaries were changed (i.e., they were given to their brother, sister, or any other relative). Thus, Mr. A. Go stressed the importance of eKYC for assurance in control and identity.

The remote consultation concern (2) was raised so that it would be advantageous considering the location of seafarers. Instead of visiting a foreign doctor, the seafarer could reach out to Filipino doctors instead.

Mr. Argos agreed with the points raised by Mr. A. Go, as product design which is specific to an industry or market was very important. By way of example, for seafarers, the main concern was that Filipinos prefer to be treated abroad. Thus, the pain point of manpower agencies was that they want to avoid Filipinos hiding their illness so that they could get treatment abroad because of the perceived quality of healthcare abroad was higher.

To address this pain point, Mr. Argos explained that Maxicare must offer quality healthcare and conduct screening and treatment before the departure of the said seafarers. The same would be a totally different product compared to the current “full-risk corporate”.

Getting sick abroad was also noted to be very expensive, that was why it was important and very valuable for the seafarers to have an HMO in the Philippines, not just for their dependents, but for themselves.

The discussions on the specificity of products per industry were summarized by Mr. A. Go by noting that the two industries that must be considered:

- (1) Marine industry; and
- (2) Construction industry.

He also emphasized that the market size of the abovementioned industries must be assessed.

Mr. Liwanag raised whether it was deliberate that Maxicare had a disproportionate lower share of the ASO. It was noted that while the disproportion was small, it may contribute to the bottom line. Ms. Espallardo discussed that in the IC reporting starting Q2, the ASO was lumped together with other revenues. It was also noted that the business would be driven on how the ASO and claims handling fee were handled because Maxicare was not really going bottom.

Mr. B. Go suggested that ASO may be measured by member, per capita and CM. As such, the profitability was tracked even for ASO. Mr. Argos noted that this was Mr. Mark Macapagat’s (“Mr. Macapagat”) project. He further explained that the reporting treatment for ASO was fairly opaque and could differ from HMO to HMO so it would tough to comment on that matter for now.

B. Sales Deep Dive

i. Corporate Sales

Ms. Fiona L. Victoria (“Ms. Victoria”) discussed that the report on corporate sales performance would cover the months of January to July 2024:

Corporate Sales

Corporate Sales Report: 2024 January to July

Corporate Sales Performance

- **102.98%** achievement
- **12.75%** growth from 2023

Corporate Gain & Loss

- Highest Gain **Etiqua at 417 M**
- Highest Loss **Intellicare at 587 M**
- Highest Net Gain **Etiqua at 394 M**
- Highest Net Loss **ICare at 381 M**

	2024 Actual Performance (M)	2023 Actual Performance (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
NEW BUSINESS (NB)	1,128	1,334	-15.44%	-206	1,051	107.33%
RENEWAL BUSINESS (RB)						
RENEWED	15,034	13,000	15.65%	2,034	14,644	102.66%
DNR	2,429	1,815	33.83%	614		16.59%
TOTAL NB AND RB	16,162	14,334	12.75%	1,828	15,695	102.98%

For corporate sales, the team achieved 102.98% for the months covered, and an average of 102% with a peak in Q1 at 108% performance. There was also a 12.75% growth for the same period in 2023.

For New Business, an increased performance to date at 107.33% was shown, Php140 Million of which was closed in July. This consisted of 14 accounts. For Renewal Business, 102.66% in performance was recorded for the months covered in performance compared to the 2024 actual target, and a 15.65% growth from the same period as of last year.

An increase of 33.83% on the Did-Not-Renew accounts was noted which was Php1.8 Billion in 2023 and Php2.4 Billion in 2024. The total renewals closed for January to July was at 102.66%.

For Corporate Gain Loss, the highest gain was from Etiqua, and highest loss was from Intellicare. These were driven by the Q1 movements.

For New Business, there was an increase on the number of new accounts:

Corporate Sales

Corporate Sales Report: 2024 January to July Highlights

New Business Jan - Jul 2024			
Particular	2024 Actual	2023 Actual	% Growth
Number of New Accounts	153	110	39.09%
Number of New Members of New Accounts	57,669	83,106	-30.61%
Estimated Total Contract Value (TCV)	1,128,661,980.72	1,334,848,134.42	-15.45%
Estimated premium per capita	19,571	16,062	21.85%
Renewal Business Jan - Jul 2024			
Particular	2024 Actual	2023 Actual	% Growth
Number of Renewed Accounts	612	788	-22.34%
Number of Renewed Members	783,112	974,401	-19.63%
Estimated Total Contract Value (TCV)	15,034,919,176.92	13,000,442,546.98	15.65%
Estimated premium per capita	19,199	13,342	43.90%
DNR Jan - Jul 2024			
Particular	2024 Actual	2023 Actual	% Growth
Number of DNR Accounts	166	246	-32.52%
Number of DNR Members	173,128	153,710	12.63%
Estimated Total Contract Value (TCV)	2,429,831,280.71	1,815,720,691.45	33.82%
Estimated premium per capita	14,035	11,813	18.81%

This was driven by the volume of accounts that the Corporation was able to transition starting June and July. The total number of new accounts closed at 39%. It was good to note that the premiums per capita that were proposed for these accounts have met the pricing requirements of 25% CM. It was further noted that there was a 21.85% increase in the premiums offered compared to 2023's average premium.

For Renewal Business, Ms. Victoria further reported that this was the same for the number of renewed accounts and number of renewed members. There was an average of 20% decline in count.

The TCV increased by 15% and the premium per capita as well increased by 15% and the premium per capita increased significantly by 43% compared to the average of 13,000 per head last year. This was the Php13,000 per head premium last year, which was close to the non-renewals offered for the same period at Php14,000 this year.

However, a decline was likewise noted in the number of DNR⁴ accounts, so there had been a retention starting Q2 2024 of a number of significant accounts under FR⁵ and ASO⁶. There was a decline of 32% from the number of non-renewals as compared to the same period of last year.

For the breakdown per funding arrangement, there was an increase both in FR and ASO for New Business:

Corporate Sales Per Funding Arrangement JAN - JUL

New Business Jan - Jul								
Particular	FULL RISK			ASO			HYBRID	
	2024	2023	% Growth	2024	2023	% Growth	2024	2023
Count of Accounts	121	98	23.47%	11	2	450.00%	4	4
Number of New Members	28,082	50,622	-44.53%	19,826	241	8126.56%	6,364	18,352
Estimated Total Contract Value (TCV)	508,234,476.10	697,994,968.01	-27.19%	466,330,042.67	4,426,550.42	10434.84%	154,097,461.95	620,756,675.79
Estimated premium per capita	18,098	13,788	31.26%	23,521	18,367	28.06%	24,214	33,825
Renewal Business Jan - Jul								
Particular	FULL RISK			ASO			HYBRID	
	2024	2023	% Growth	2024	2023	% Growth	2024	2023
Count of Renewed Accounts	524	615	-14.80%	71	72	-1.39%	20	16
Number of Renewed Members	673,967	701,386	-3.91%	99,145	166,290	-40.38%	55,521	52,656
Estimated Total Contract Value (TCV)	12,631,580,536.64	10,997,229,935.89	14.86%	1,021,439,652.10	1,426,757,562.77	-28.41%	1,381,898,988.18	823,850,010.76
Estimated premium per capita	18,742	15,679	19.53%	10,302	8,580	20.08%	24,890	15,646
Did Not Renew Jan - Jul								
Particular	FULL RISK			ASO			HYBRID	
	2024	2023	% Growth	2024	2023	% Growth	2024	2023
Count of DNR Accounts	192	196	-2.04%	7	17	-58.82%	1	2
Number of DNR Members	141,326	120,439	17.34%	30,066	23,172	29.75%	1,786	3,120
Estimated Total Contract Value (TCV)	1,999,710,912.83	1,474,224,170.46	35.64%	398,558,728.38	241,122,914.10	65.29%	13,251,119.82	20,048,696.89
Estimated premium per capita	14,150	12,240	15.60%	13,256	10,406	27.39%	7,419	6,426

⁴ DNR: Did Not Renew.

⁵ FR: Full Risk.

⁶ ASO: Administrative Services Only.

For the ASO business, a significant increase by 450% was recorded, and this was driven by the corporate accounts and the entities under the BPI transition for the first quarter.

Hybrid remained in status quo, at 4 accounts for New Business. For Renewal Business, although there was a decline in the number of renewed members and renewed accounts as previously reported, the increase in TCV was seen both for the FR and ASO portion. The estimated premium per capita also increased in both funding arrangements. For DNR accounts, the count of non-renewals decreased both in FR and ASO, and the number of non-renewals were noted with decreased from last year's count.

As requested last Executive Committee meeting, the highlights of the ASO pricing were reported as follows:

Corporate Sales

ASO Accounts Highlights:

- **New Business Accounts (10 accounts)**
 - NAF : Php 786.22
 - CHF : 10.53% ; Php 3, 244, 519
- **Renewal Business (57)**
 - 2023 NAF : Php 772.33 vs 2024 NAF: Php 778.73
 - 2023 CHF: 10.59% ; Php 1,160,824.53
 - 2024 CHF: 10.71% ; Php 1,410,484.53
- **DNR (12)**
 - 2023 NAF: Php 881.13 vs 2024 Proposed NAF : Php 576.77
 - 2023 Proposed CHF: 11.79% ; Php 767,280,29
 - 2024 CHF: 10.13% ; Php 522,474.68

These figures were still at the same level as reported last June. The network access fee remained to be within pricing standards of Php786.00.

The Claims Handling Fee ("CHF") was also maintained at 10.53%. The Renewal Business was able to increase significantly the NAF and CHF compared to the same period last year.

Mr. B. Go inquired whether the NAF and CHF were separate charges, and whether they were computed together.

Ms. Victoria confirmed that the NAF was computed per member per year and was computed by all the NAF multiplied by the headcounts involved. The CHF was multiplied versus the amount availed by the member.

For the TCV, the combined NAF and amount of claim sampling fee across all claims were added. Mr. B. Go inquired whether the absolute NAF was bigger than

the CHF. Ms. Victoria discussed that the CHF in some accounts was bigger since the projected claims were also higher. Mr. A. Go instructed to show the maximum values for the presentation. Mr. A. Go further requested that a glossary of all abbreviations be included in the reports.

Mr. Macasaet likewise requested Ms. Victoria to highlight the headcount or membership that Maxicare had so that it can be determined at any given time whether the membership was increasing or decreasing. Mr. A. Go also instructed that all reports should be computerized.

Ms. Victoria announced that a preliminary report will be provided after the meeting.

Ms. Victoria further reported on the major accounts closed/acquired as follows:

Major Accounts Closed/Acquired
JULY 2024

EFFECTIVE DATE	ACCOUNT NAME	2024 TCV WITHOUT VAT	Headcount	Previous Provider	CM	REASON FOR CLOSING
1-Jul-24		39,706,841	1,031		8%	
5-Jul-24		5,156,423	313		26%	
1-Jul-24		7,580,186	388		18%	
17-Jul-24		6,299,923	266		27%	
21-Jul-24		16,852,014	1,189		28%	
1-Jul-24		11,940,223	362		27%	
TOTAL		PHP 87,535,610.34	3,549			

Ms. Victoria noted that the accounts included above were only those with TCV of Php5 Million and above but the total amount closed was at Php140 Million, Php 87 Million of which have already been transitioned and activated. These accounts were all priced according to pricing assumptions or requirements.

For Major Accounts Renewed, TCV was reported as Php10 Million and above. Ms. Victoria confirmed that all are within pricing requirements and the loss ratio tends to be lower than the accounts that were renewed in June.

Major Accounts Renewed
JULY 2024

EFFECTIVE DATE	ACCOUNT NAME	INCREASE	LR	CM	2024 TCV WITHOUT VAT	HEADCOUNT
07/15/2024		Employees - 79%	93.30%	15.00%	38,768,166.96	2,893
07/01/2024		Dependents - 19%				
07/01/2024		29.00%	95.30%	18.00%	41,584,983.00	1,318
07/01/2024		30.00%	93.10%	12.00%	326,279,307.00	15,136
07/01/2024		41.70%	89.40%	12.00%	166,280,857.00	9,806
07/01/2024		ASO	ASO	2.54%	266,260,300.36	16,123
07/16/2024		26.62%	97.58%	12.00%	55,569,902.79	3,318
07/01/2024		20.00%	99.00%	16.00%	192,145,634.22	1,922
07/01/2024		14.00%	88.34%	20.90%	105,841,866.45	2,379
07/01/2024		17.00%	88.69%	18.00%	142,682,234.38	5,835
07/01/2024		48.40%	80.40%	16.00%	93,724,136.00	7,137
07/01/2024		5.00%	69.20%	20.6%	25,411,869.02	771
07/23/2024		0.00%	77.10%	8.60%	49,162,385.00	7,991
07/01/2024		60.00%	124.70%	18.40%	31,936,785.58	929
07/01/2024		39.00%	100.37%	16.93%	97,972,844.14	4,124
07/01/2024		47.00%	100.90%	16.00%	120,269,073.00	3,696
TOTAL					PHP 1,728,478,475.88	83,378

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

Corporate Sales

DNR (Did Not Renew) Accounts:
JULY

Effective Date	COMPANY NAME	Reason for non-renewal	Chosen Provider	Years with maxicare	MLR	CM	INCREASE	2023 HEADCOUNT	2023 TCV WITHOUT VAT	
1-Jul-23					110.00%	15%	49%	2,478	PHP 47,339,024.06	
31-Jul-23					76.00%	18%	7%	939	PHP 15,176,945.74	
17-Jul-23					82.00%	17%	24%	506	PHP 14,425,602.69	
24-Jul-23					86.00%	20%	37%	307	PHP 9,191,067.86	
23-Jul-23					77.00%	21%	Vatable	745	PHP 11,995,316.08	
TOTAL									4,975	PHP 98,127,956.43

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

Regarding competitive gains and losses, the competitive gain was with _____ at _____ which consisted of _____

Corporate Sales

Gain - Loss Study (in Millions)
JAN - JUL 2024

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	%
	16,311	5	417 M	1,583	5	23 M	14,728	0	394 M	30.71%
	5,878	35	88 M	0	0	0 M	5,878	35	88 M	6.84%
	2,427	1	39 M	0	0	0 M	2,427	1	39 M	3.04%
	2,111	12	18 M	75	2	3 M	2,036	10	14 M	1.12%
	279	3	5 M	0	0	0 M	279	3	5 M	0.43%
	100	1	1 M	0	0	0 M	100	1	1 M	0.07%
	336	2	4 M	396	1	4 M	-60	1	0 M	0.00%
	0	0	0 M	16	1	0 M	-16	-1	0 M	-0.02%
	144	1	2 M	299	4	3 M	-155	-3	-1 M	-0.05%
	0	0	0 M	79	1	2 M	-79	-1	-2 M	-0.16%
	0	0	0 M	367	1	4 M	-367	-1	-4 M	-0.30%
	2,914	9	57 M	4,080	33	62 M	-1,166	-24	-5 M	-0.41%
	0	0	0 M	385	2	6 M	-385	-2	-6 M	-0.46%
	0	0	0 M	1,612	1	7 M	-1,612	-1	-7 M	-0.58%
	0	0	0 M	978	1	20 M	-978	-1	-20 M	-1.56%
	1,120	1	14 M	6,826	2	66 M	-5,706	-1	-51 M	-4.01%
	1,880	8	23 M	8,114	5	93 M	-6,234	3	-70 M	-5.43%
	3,078	7	53 M	9,675	13	151 M	-6,597	-6	-98 M	-7.63%
	117	1	2 M	6,353	9	125 M	-6,236	-8	-122 M	-9.54%
	6,550	21	128 M	15,007	17	286 M	-8,457	4	-158 M	-12.32%
	249	3	3 M	19,731	71	270 M	-19,482	-68	-267 M	-20.84%
	437	2	6 M	17,649	14	311 M	-17,212	-12	-305 M	-23.79%
	9,935	23	261 M	40,626	14	587 M	-30,691	9	-326 M	-25.42%
	388	1	8 M	39,327	3	388 M	-38,939	-2	-381 M	-29.69%
TOTAL	54,254	136	1129 M	173,178	200	2412 M	-118,924	-64	-1283 M	100.00%

The figures above were January and February driven data, hence, gains from included the biggest transfer, BPI. Further, competitive loss was from had lost , which totaled , and translated to transition of to them. The biggest of which was the shift of in the first quarter of 2024.

The biggest loss was to on 01 April, which was the effectivity of the transfer of the . It was reported that

Mr. B. Go inquired whether was on a winning trend. Ms. Victoria answered that their performance was not better compared to the first quarter. Maxicare did not note major non-renewals related to for this quarter.

Mr. Macasaet asked Ms. Victoria whether the were moving from FR to ASO. Ms. Victoria answered that were known to be ASO while RCBC was hybrid. She explained that the benefits of would include multilayer coverage, thus, it was difficult to manage under full risk. Hence, shifted to ASO.

The following tables showed the summary of accounts that were gained

Highest Gain					
EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Previous Provider	CM
1-Jan-24		380	13,909		3%
25-Jan-24		11	1,010		25%
1-Feb-24		7	296		25%
15-Feb-24		3	244		25%
1-Jun-24		13	852		26%

Highest Net/Loss					
EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Chosen Provider	LR
1-Jan-23		88	7,899		118%
1-Jan-23		72			
1-Apr-23		300	23,529		95%

Highest Loss					
EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Chosen Provider	LR
1-Jan-23		300	24,485		N/A
1-Jan-23		35	484		95%
1-Jan-23		15	1,613		79%
20-Jan-23		2	94		101%
1-Feb-23		27	1,663		104%
18-Mar-23		15	1,376		99%
16-Mar-23		4	557		77%
1-Feb-23		5	216		146%
15-Feb-23		1	88		80%
1-Jun-23		166	6,899		106%
1-Jun-23		2	107		80%
16-Jun-23		1	60		17%
1-Jul-23		47	2,478		110%
17-Jul-23		14	506		82%

ii. Consumer Sales

Ms. Rodelee Uy (“Ms. Uy”) proceeded to report on the consumer sales performance from January to July 2024. The total consumer sales performance was reported to be at 95.27%. On the other hand, the achievement vis-à-vis target growth compared to last year’s performance was at 17.83%⁷. For New Business, there was an achievement of Php820 Million or 17.45% growth whereas, the achievement in terms of target was at 85.12%:

Consumer Sales
July 2024 Consumer Sales - 95.27% Achievement vs. Target or 17.83% Growth

	2024 Actual Performance (M)	2023 Actual Performance (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
New Business	963	820	17.45%	143	1,132	85.12%
Renewal Business	1,866	1,581	18.03%	285	1,838	101.53%
Consumer Total	2,829	2,401	17.83%	428	2,970	95.27%

- SME Gain & Loss
 - Highest Gain **Fresh Accounts at 285M**
 - Highest Loss **None at 158M**
 - Highest Net Gain **Fresh Accounts at 285M**
 - Highest Net Loss **None at 158M**



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

⁷ Note: Illustration states 17.45%.

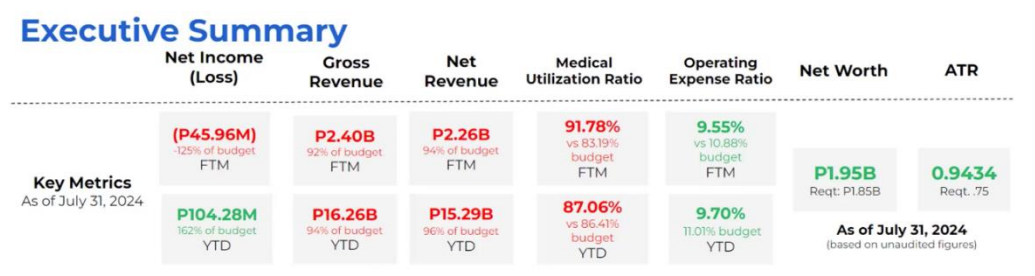
Renewal Business was at Php158 Million, an 18.03% growth compared to 2023 versus target achievement, which is 101.53%.

Mr. A. Go inquired whether the consumer loss would be reported. The reports explained that the report on consumer loss would be discussed separately by Finance. He clarified that the report on consumer loss should be made at every Executive Committee meeting. The objective was to identify the revenue of Maxicare, as well as its source such as which product was selling and not selling. According to Mr. A. Go this would allow the stoppage of any loss in revenue by Maxicare.

Mr. B. Go inquired as to the status with respect to . Ms. Victoria explained that was having issues with some of the branches due to network and claims reimbursement, since was heavy in respect thereof. However, efforts were being made to revive the coordination with its new HR Team.

C. Maxicare Financial Performance

For the financial report, Ms. Espallardo reported the executive summary on key metrics against the budget for July as follows:



The Operating Expense Ratio was at 9.55% which was lower than the 10.88% budget. The other key metrics ended lower than the budget.

Business operations for the month resulted in a net loss of Php45.96 Million or 125% lower, primarily due to the combined impact of lower revenue, both gross and net at 92% and 94% of the budget, respectively. The MUC⁸ that was higher by 8.8% percentage points than budget, which translated to Php7.65 Million, mainly due to higher EICA.

⁸ MUC: Medical Utilization Cost.

For seven (7) months, business operations remained positive with the net income of Php104.28 Million or 162% of the budget.

Operating Expense Ratio at 9.70% was lower than budget by 131 basis points. Gross and net revenue posted lower than budget due to DNRs, discontinued selling of , as well as the delayed launch of . MUC was slightly higher by 65 basis points due to the increase in EICA in July.

It was noted that Maxicare remained compliant with the net worth and ATR⁹ requirements.

In relation to the challenges or key risks, the new risk being monitored was the rise in medical availments due to illnesses that arise during the rainy season. Actual EICA in July was higher than budget by Php178.85 Million and higher than the forecast. The high EICA persisted in the first weeks of August and if this continued, may result in lower net income for the year.

The second risk was the ATR of 0.75% which was reported on 03 September 2024, with quarterly report submission on 15 October 2024.

PAHMOC's letter-request for a one year extension of an ATR of 0.8% was submitted to the IC on 25 June, and the IC's reply thereto was yet to be released.

Mr. A. Go requested Ms. Espallardo to differentiate between the medical ratio utilization on the basis of inpatient and outpatient, as well as the ASO accounts. Ms. Espallardo and Mr. Argos responded that Actuarial can explain the distinction. Data regarding the percentage when a member that was initially under outpatient service became inpatient was similarly requested.

In relation to this, Mr. A Go asked to determine the ideal number of PCCs that MHSI must have to reduce the availment of the foregoing services.

Ms. Esther Go ("Ms. Go") proposed to look at the density of commercial activity or banking presence in an area. Ms. Josephine Lopez ("Ms. Lopez") likewise suggested to look at the number of malls and drugstores in an area. Mr. Argos mentioned that the study would also be aligned with the presence of different industries. He added that a planning model would be identified for such purposes which shall include different implementation strategies depending on the target location of the PCC.

Mr. B. Go pointed out the problem regarding collection. Ms. Espallardo confirmed that there was some challenges with collection but there was improvement as well. In July, the Treasury Department Management focused on fully accounting for the

⁹ ATR: Acid Test Ratio.

2024 due bills. This exercise resulted in an increased collection ratio for June to July 2024, which was now at 97%. The focus was to go backwards to June December 2023 and do the same exercise to account for the receivables that have not been collected. The reason was that Maxicare would be able to provide a more targeted and focused solution.

Mr. B. Go asked why the cash dropped when the collection went up to 96%. Ms. Espallardo clarified that there were payments on the basis of discrepancies in the earmarked amount.

Mr. Argos further explained that he was not too concerned that the
The key learning was that there were simple organizational changes to address the concern (i.e., new leadership in collection so that the accountable individuals in charge have been changed). The new collection head used to be from internal audit and he has been delivering great results so far.

He continued that a key learning was also that until the billings were properly and timely produced, the percentage would remain at 97 or 98%.

Industry-wide, there had been a collection problem because Maxicare has
and, the ratios of others were extremely poor. Mr. Argos noted that the same was a competitive advantage for Maxicare. If Maxicare automated end to end from the underwriting pipeline all the way to billing, there could be more invested assets for the Corporation.

For transparency, Ms. Go requested to include a billing breakdown, EICA, and improving or deteriorating trends in the regular reporting package moving forward. Mr. Argos clarified that such inclusion had always been the intention, and to add these as supporting documentation.

Ms. Go inquired as to what could be done to help in automating the underwriting in the billings. Ms. Espallardo discussed that they have been in continuous communications with underwriting and claims but there were also dependencies of the Collection Team when there have been disputes in the billings. Ms. Go clarified that they could look at what could be done to assist in the automation of the undisputed matters. Ms. Espallardo responded that the team made billing automation part of the . Ms. Go said that there can be assistance made in the months preceding the implementation, which was acknowledged by Ms. Espallardo.

For the January to July 2024 bridge analysis of the budget, the major factors that drove the results from the net income projected at 36.76% for the month of July to a net loss of I were presented. These were the shortfall and unfavorable variances from the EMF and EICA:

EICA Soars by P179M Amid Surge in Rainy Season Illnesses (IP and ER)

Bridge Analysis

FTM Original Budget vs Actual



YTD Original Budget vs Actual



The main contributors to the FTM net loss:

- **Membership fees** - Lower due to corporate, SME and IFG shortfall
 - **EICA** - Higher due to increased medical availments related to illnesses from rainy season
- Unfavorable variances were partially offset by:
- **PCC Expenses** - lower MHSI, SGD and Teleconsult
 - **Commissions** - lower due to decrease in membership fees
 - **OPEX** - lower due to provision for impairment and contingency recorded in previous months
 - **Other income** - higher due to favorable interest income and negotiated discounts in 2024
 - **Income tax** - due to shift from income to loss position

FTM - For the month
YTD - Year to date
CER - Client experience refund
ASO - Administrative Services only
EICA - Estimated incurred claims amount
PCC - Primary Care Clinics
OPEX - Operating expenses
IP - In patient
ER - Emergency room

Results from the net income projected at 37.76% for the month of July to a net loss of 1. The higher EICA was due to the increase in availments in IP¹⁰, OP¹¹ and ER¹² with top illness of pneumonia, dengue, leptospirosis and acute gastro which were attributed to the rainy season.

The main contributors to the FTM net loss were:

- (1) Membership fees - Lower due to corporate, SME and IFG shortfall
- (2) EICA - Higher due to increased medical availments related to illnesses from rainy season

Unfavorable variances were partially offset by:

1. PCC Expenses - lower MHSI, SGD and Teleconsult
2. Commissions - lower due to decrease in membership fees
3. OPEX - lower due to provision for impairment and contingency recorded in previous months
4. Other income - higher due to favorable interest income and negotiated discounts in 2024
5. Income tax - due to shift from income to loss position

The favorable variances were not enough to off-set the unfavorable variances resulting to a net loss of 1.

For the YTD¹³, the EMF drove the unfavorable variance but the Corporation was still able to generate net income for YTD July.

¹⁰ IP: in-patient.

¹¹ OP: out-patient.

¹² ER: emergency

¹³ YTD: Year to Date.

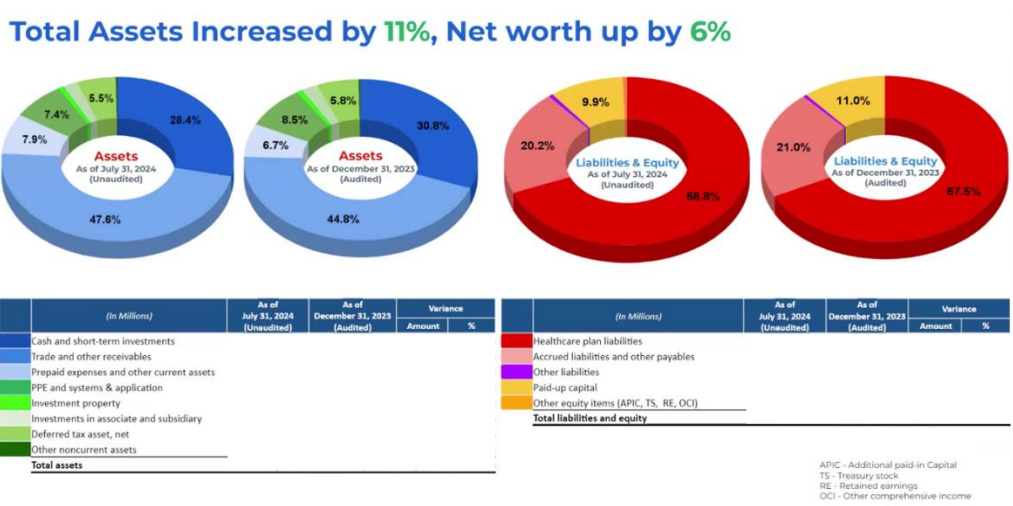
Mr. B. Go asked whether BCG cost were already incorporated in the figures. Ms. Espallardo noted that it was not part of the July figures but presented in the forecast, as seen below, the main driver for the OPEX was BCG. (The billing of BCG for the month of July was at .)



Ms. Espallardo explained that incorporating BCG for the July figures was deferred due to net worth concerns. Mr. Argos clarified that he conferred with BCG to look at the data on a monthly basis because recovery was expected by Quarter 4. That would be the time when this could be absorbed without any net worth issues.

He further explained that the silver lining was that even if the BCG payment was factored in for the payment of the July result, they would still be ahead of plan on a bottom-line basis YTD.

Moving forward, for the Balance Sheet, Ms. Espallardo discussed that the current assets still dominate the assets and current liabilities.

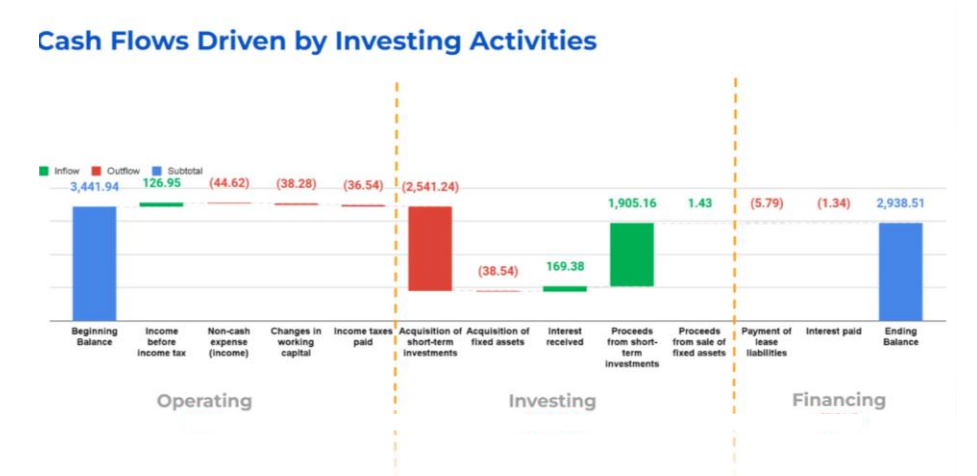


The main highlight was the drop in cash and short-term investments to the _____ level from the _____ level as of 30 June 2024. However, as compared to 31 December 2023, Maxicare was slightly ahead in cash and short-term investments.

One of the factors that caused the drop in the cash was also the quarterly payment of VAT, which was about _____, the extension of funds assistance to _____, and the shortfall on the collection or higher disbursement than for the month compared to the collections.

Mr. B. Go inquired as to the advances to _____. Ms. Espallardo noted that the same were classified under “trade and other receivables”.

Ms. Espallardo explained that for the cash flow statement, there was only one investing activity that has moved significantly, and this pertained to Maxicare’s time deposits, as illustrated below:



Investing Activities Drive Cash Flows

[Back to BS](#)

Statement of Cash Flows (In Thousands)	July 31, 2024 Unaudited	December 31, 2023 Audited	Statement of Cash Flows (In Thousands)	July 31, 2024 Unaudited	December 31, 2023 Audited
CASH FLOWS FROM OPERATING ACTIVITIES			CASH FLOWS FROM INVESTING ACTIVITIES		
Income (loss) before income tax			Received from:		
Adjustments for:			Proceeds for matured short-term investments		
Depreciation and amortization			Proceeds from sale of available-for-sale financial assets		
Provision for credit and impairment losses			Proceeds from sale of property and equipment		
Retirement expense			Investment in associate		
Fair value loss (gain) of investment property			Interest		
Interest expense			Acquisitions of:		
Share in net loss from associate			Short-term investments		
Loss (gain) on sale of property and equipment			Property and equipment		
Interest income			Investment property		
Changes in operating assets and liabilities:			Software cost		
Decrease (increase) in:			Net cash provided by (used from) investing activities		
Trade and other receivables			CASH FLOW FROM FINANCING ACTIVITIES		
Non-trade receivables			Payments of:		
Prepaid expenses and other current assets			Loan		
Other noncurrent assets			Lease liability		
Increase (decrease) in:			Interest		
Healthcare plan liabilities			Dividends		
Membership fee reserves, net			Received from:		
Claims reserves			Capital subscription		
ASO reserves			Net cash provided by (used from) financing activities		
Accrued liabilities and other payables			NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Other noncurrent liabilities			CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Net cash generated from (used in) operations			CASH AND CASH EQUIVALENTS AT July 31, 2024		
Income taxes paid					
Net cash provided by (used from) operating activities					

D. Tax Updates

Ms. Espallardo reported that the BIR officers verbally agreed to allow Maxicare to revert back to the status quo, that is, on gross receipts.

Tax Updates

Ease of Paying Taxes (EOPT) Act Implementation

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

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.

Updates

- On August 14, 2024, BIR officers, including ACIR Janet Cruz (Client Support Services) and ACIR Larry Barcelo (Legal Services), met with Maxicare. BIR agreed to allow VAT reporting and remittance based on gross receipts. However, they suggested adjusting revenue in the income tax return (ITR) to align with this VAT reporting, leading to earlier revenue recognition in the tax return.

Next Steps

- Await BIR's formal response and documentation of the proposed actions.
- Maxicare Finance to assess the impact of advancing revenue recognition in the ITR to consider the tax credits (NOLCO, MCIT and CWT).
- Maintain ongoing communication and provide regular updates on the project's progress.

CAS - Computerized Accounting System
CBA - Computerized Books of Accounts
AR - Accounting Records
ACIR - Assistant Commissioner of Internal Revenue
MCIT - Minimum Corporate Income Tax
BIR - Bureau of Internal Revenue
MIS - Maxigroup Insurance Solutions
VAT - Value Added Taxes
NOLCO - Net Operating Loss Carry Over
CWT - Certificate of Withholding Taxes

ust 28, 2024

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They also agreed on the extension requested to comply with the enhancement of the system until 30 June 2025. BIR's only suggestion was the adjustment of Maxicare's revenue in the income tax return, aligning it with the VAT reporting of what had been reported for VATable sales. This will resolve the early recognition of revenue and income tax payable. It was noted that this idea was welcome considering that the Corporation has NOLCO to utilize but Finance will still prepare an assessment.

In response to Mr. B. Go's query, Ms. Espallardo noted that the sales or VAT would be reported based on the gross receipts. Hence, if the collection was annual, the revenue recognition in the financial statements would only be the amortized portion for 2023. That meant that there must likewise be a report in the income tax computation, particularly on the revenue portion, that should be amortized in 2025.

Mr. B. Go clarified whether annual payments which were made in the middle of the year, such that half of it was for next year, if the Corporation had to recognize the payment for income tax purposes. This was confirmed by Ms. Espallardo. However, in the management report, the financials would have to be amortized.

Moving forward, Ms. Go inquired whether it made sense to have a three-month forecast. Ms. Espallardo explained that they were doing a monthly update, but more particularly on EICA.

Mr. Argos noted that they will determine what could be updated on a monthly basis. If the objective was to just reassess what the EICA was and that this was the only variable that was needed in the interim, then that was something which was doable.

E. OGSM

i. Updates

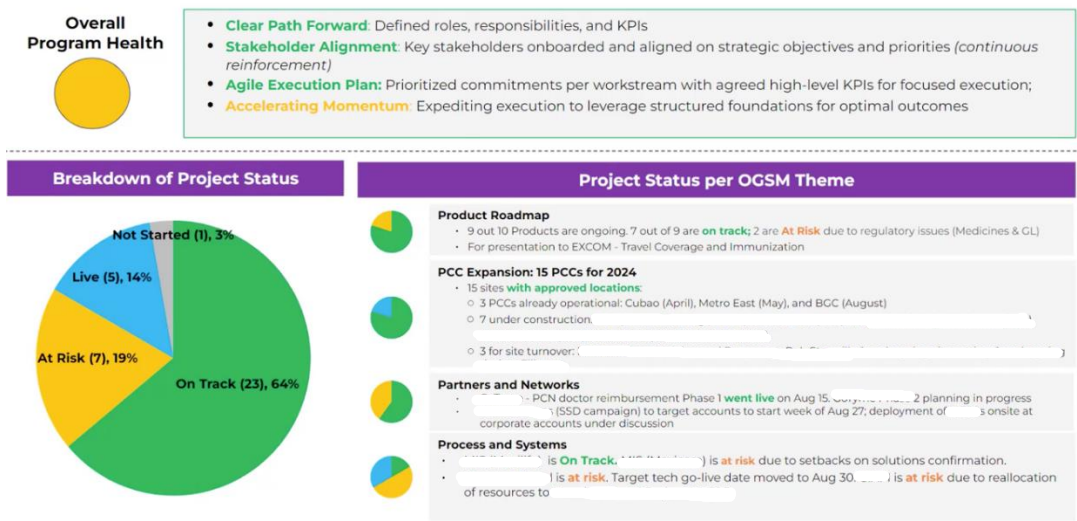
Ms. Caryl Ko (“Ms. Ko”) opened the discussion on the OGSM updates. She explained that for the Product Roadmap, on a workstream level, 9 out of 10 Products were ongoing where 7 out of 9 were on track and 2 were At Risk due to regulatory issues (Medicines & GL)¹⁴.

For PCC Expansion, the group was on track as seen in the diagram below.

For Partners and Networks, the [redacted] which targeted to convert [redacted] doctors went live on 15 August 2024. Phase 2 was ongoing which targeted doctors who were still receiving manual checks.

For Process and Systems, Ms. Ko reported that the [redacted] was At Risk but the team was fixing all issues so that the technical deployment on 02 September, which was now estimated to be on 16 September, could be met.

OGSM Dashboard



Mr. B. Go inquired what was the partnership in relation to [redacted]. Ms. Ko responded that this initiative would enable doctors to receive reimbursements for their professional fees via the application. She further noted that there had been [redacted] doctors who have signed up out of [redacted]. Mr. Argos clarified that they were starting with the [redacted].

¹⁴ GL: Group Life.

new doctor accreditations and the next ones would be the one who were still paid by checks. Mr. A. Go mentioned that they want to eliminate check payment.

Discussions on a possible partnership with _____ as to the issuance of LOA¹⁵s were made. Ms. Jenina Malapitan (“Ms. Malapitan”) discussed that instead of sending a communication blast to the Maxicare members and aside from communicating with the accounts, was to partner with _____ where the patients can collect their LOAs within a certain period. This would also be a method of finding more about the customer experience.

Mr. B. Go suggested to use reward points to buy medicine. This was confirmed to already be allowed.

Mr. Argos further mentioned that they will further study the patient journey with _____. He explained that typically, when a Maxicare member goes to _____, that member had already seen a doctor and they already had a prescription. Therefore, it is important to identify what kind of patient journey would lead a member to go to _____ for the purpose of getting an LOA.

In relation to this, he proposed that they could change the messaging, such that _____ shall be considered as a tier one PCC and a member can go there for teleconsult. Mr. Argos opined that the Corporation can invest in that kind of messaging, and maybe even look into kiosks providing medicine benefits (in addition to a video consult). He reiterated that it is essential to assess the patient journey and see the project on an end-to-end basis.

Mr. A. Go viewed such suggestion as a co-branding with _____ so that its own customers can have their own consultation. Mr. B. Go added that Maxicare and _____ should have a _____ as well.

Mr. Argos noted that majority of calls with doctors were at a voice-only basis and so a teleconsult done inside _____ may not be preferred by members considering that they can do this with their phones.

Mr. A. Go raised co-branding with _____ in that it would own the product (consultation), but Maxicare would provide the services. Mr. B. Go proposed however, that it should probably be better to maintain the branding with Maxicare because it was the provider.

Questions regarding the implementation of the _____ were raised. Ms. Victoria reported that the _____ was live for now with Maxicare and Equicom but only for the trial period. It was scheduled to go online on 28 August for version 1.3. Mr. A. Go emphasized the need of having LOA issuance facilities, which was confirmed by Ms. Victoria. She also affirmed that the SSO would be in place by 2 September 2024.

¹⁵ LOA: Letter of Authority.

Mr. B. Go asked if the [redacted] was a downloadable application and to which Ms. Victoria responded in the negative. It was explained that it is web-based and that the link may be found in the Maxicare website. Mr. B. Go, however, expressed that it might be better to just have a simple link or application where one would just click the [redacted] for easier access. Mr. A. Go suggested [redacted] as part of registration.

Mr. A. Go emphasized the goal to have co-branding with [redacted], with Maxicare as provider. Mr. B. Go further suggested the analyze the costs and implications of having Maxicare kiosks in the [redacted]. Ms. Lopez answered that a study will be conducted on the matter.

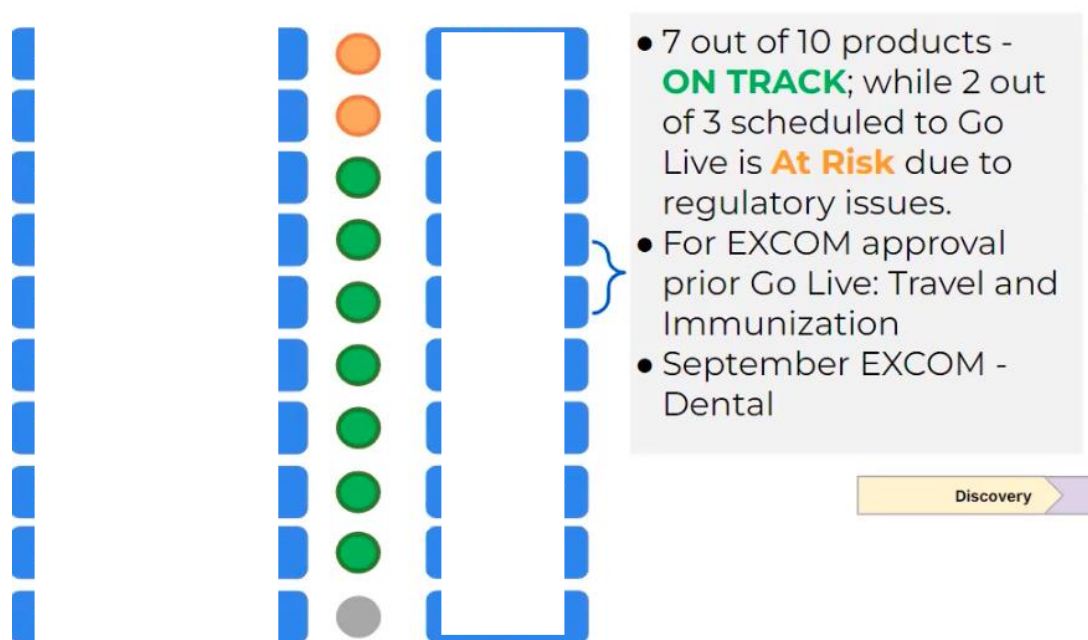
Ms. Go clarified that the ask for the November meeting was to determine the configuration or format of the [redacted] specifications that would be required for the partnership with [redacted].

Mr. Lance Y. Gokongwei (“Mr. Gokongwei”) explained that co-branding with [redacted] could be difficult given the numerous [redacted]. He suggested that it would be better to set up a small team and a pilot, and connect the PCCs to [redacted] and work out something where all three stakeholders benefit – customers, Maxicare and [redacted] so that there would be some sort of revenue-sharing to make it sustainable. He mentioned that it may be hard to connect a thousand stores to the PCCs.

Further discussions on the [redacted] co-branding were made where it was determined that the opinion of [redacted] on the implementation thereof must be taken into consideration. Mr. A. Go closed the discussions by saying that the assessment of the Project must be tackled in the next meeting.

ii. Products Final Design: Immunization, Travel

For the products update, Ms. Malapitan confirmed that there were 9 ongoing products with 7 out of 10 on track, while 2 out of 3 which were scheduled to go live was at risk due to regulatory issues:



The first product was the _____ which was in partnership with _____ and was also set to pilot in _____ branches. The product design was that the member will show the prescription to _____ and they would be entitled to a percent discount for branded and generic products.

Two of the issues of _____ were the discounts and POS¹⁶ testing, which were the reason for the 30-day delay. The target implementation date for this project is _____

Mr. B. Go inquired whether there were revenue and profitability targets for the 10 products. Ms. Malapitan responded that such studies have been made for some but not all of the products. She elaborated that for medicine, there was actually no revenue yet for Maxigroup.

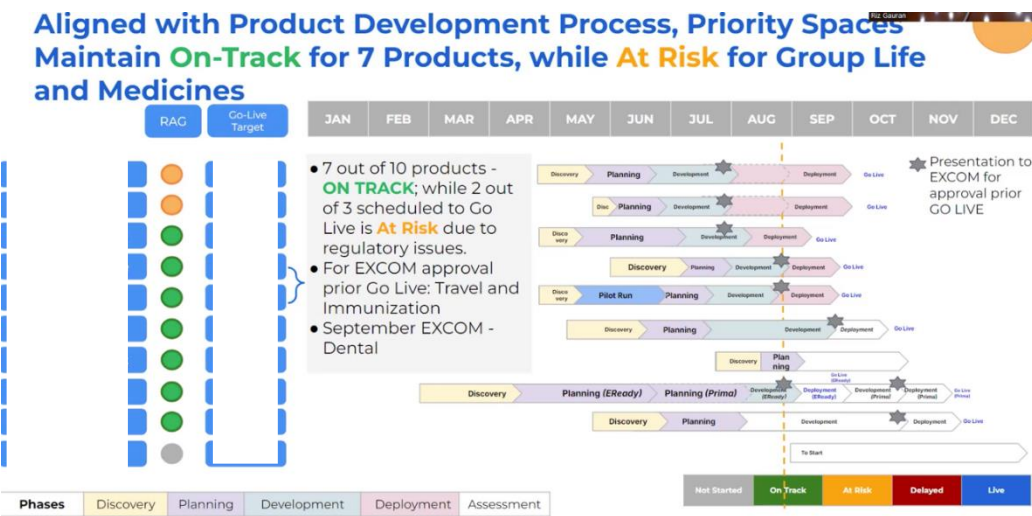
The _____ was also at risk because the IC was yet to release the no objection letter that Maxicare can sell all group products of Maxigroup. Once such letter was received, they can proceed as all internal deliverables have already been completed.

Ms. Malapitan likewise reported that the _____ products were for Executive Committee approval. The _____ product should be presented for approval next month along with the product design.

For _____ prepaid products, they were still waiting for approval from the IC, and the product designs are yet to be finalized.

¹⁶ POS: Point of Sale.

She noted that all the rest were on track.



Products for Approval:

i.

As to the , Ms. Malapitan noted that 20% of the 1.69 million members of Maxicare or equivalent to have purchased the international coverage rider amounting to . That was from March 2023 to February 2024. The international assist rider that should be offered as a rider to an HMO baseline was positioned to target members who frequently travel overseas or those with accounts with expats or part of the executive exclusive employee benefits.

Objective:
<ul style="list-style-type: none">Position MaxiLife's Group Personal Accident to existing Maxicare clientele as aPhase 1 (B2B) utilizes existing partners and leverages the expansion of MaxiLife's Group Personal Accident Product

The : shall be positioned emphasizing the affordability since this was to be offered as part of the group portfolio highlighting Maxigroup’s unique value proposition of offering a one-stop shop from healthcare to insurance and

This product will be a group personal accident, and this shall be offered as a main rider, which covers accidental death or dismemberment, burial benefit or the family assistance usually at 5% or 10% of the amount of insurance. An accidental medical reimbursement can also be offered to unbudled HMO plans that do not have coverage for emergency.

The table above likewise shows the countries which require some form of travel and medical insurance. Currently, the international assist can cover up to There was therefore an opportunity to create a bundled product, whereas such

The product phases were further presented as follows:

For Phase 1, the target market was the with a launch date of .
For Phase 2, the target would be the with a launch date of

The product design was presented as follows:

Design Considerations: Phase 1 (B2B) utilizes existing partners and leverages the expansion of MaxiLife's Group Personal Accident Product.

The insurance coverage will only take effect during the overseas travel for a period of one year or up to a maximum of nine. The emergency treatment could also cover up to 1

The Go to Market and Positioning were further presented as follows:

The upper levels of organization that have travel needs were targeted. The OGSM persona were the first-class VIP with maximum benefit limit amounting to

The market comparison was presented as follows:

Company	Product	Core Benefits	Travel - Related Benefits	Premium	Minimum Cover	Maximum Cover	Remarks
Maxicare MaxiLife							
AXA	Travel insurance	Accidental Death, Dismemberment, and Burial Assistance	Travel Inconvenience - Trip Cancellation - Postponement / Delay - Curtailment - Baggage loss - Baggage delay - Emergency Medical Expense - Allowance - Compassionate Visit - Repatriation	No Data	5,000	Php 1,000,000	Closest to the OGSM Product targeting OGSM Persona of First Class VIP
Sunlife	Biyahero Protect	Accidental Death, Dismemberment and Disablement	Additional payouts for the following if occurred while travelling: Daily Hospital income Hospital Confinement ICU Coverage	Php 100.00	Php 25,000	Php 100,000	Low coverage intended for low-income travelers.
BDO Life	AcciGuard	Accidental Death, Dismemberment and Disablement Daily Accident Hospital Cash Family Assistance Benefit Terminal Illness Benefit	Air Travel Accident Benefit (5x Benefit if injury sustained while riding aircraft) Double ADD&D or Hospital Income benefits a. Option: Public Transport Accident Benefit b. Option: Motorcycle Accident Benefit c. Option: 4-wheeled vehicle Accident Benefit	Not published	Not published	published	Not marketed for travel however has compelling travel benefits

Ms. Malapitan explained that Sunlife was further reported to target Angkas and Move-It as customers. Further, BDO Life was more of an accident product and was not really positioning such product as a travel product.

For the customer experience, the table below was presented:

- The design of the CX will inherit the existing Group Life Expansion Embed in Phase 1
- Maxicare will be the primary touchpoint being the BU that has existing relationships with the captive clients.

CX Episodes	DISCOVER & BUY	BILLING & PAYMENT	FULFILLMENT / AVAIL & USE	MANAGE MY PLAN	RESOLVE A PROBLEM	FEEL VALUED EXIT & RENEW
Customer Primary Touchpoint	Maxicare	Maxicare	Maxicare then MaxiLife	Maxicare	Maxicare and MaxiLife	Maxicare and MaxiLife
Customer Process	Customer Decision makers are tapped by Maxicare Sales team	Customer reps receives bills and pays Maxicare	Maxicare is the primary contact for inquiries. Members receives benefits from MaxiLife	Maxicare being the primary BU that has client relationship.	Maxicare and Maxilife will act on customer problems jointly.	Maxicare and Maxilife
Back-End Process (MaxiGroup)	Maxicare proposes to client through pre-approved rates from Maxilife.	MaxiLife bills Maxicare of the premium.	Maxicare receives the claim request, Maxilife adjudicates and releases.	Maxicare to coordinate to MaxiLife amendments to the plan.	Maxicare being the primary contact, but both BUs will resolve the problem.	Maxicare and Maxilife both bear the responsibility to make the client feel valued.

The design of the CX of the product will inherit the existing group life expansion embedded in Phase 1.

b.

The second item sought to be approved was the product. Ms. Malapitan discussed that a healthcare-focused research firm reported that the Philippines' influenza vaccine market was valued at around USD13.7 Million in 2022, and was projected to reach USD24.3 Million in 2023:

Objectives

- Additional revenue stream through vaccine offerings
- Vaccines promotes health and wellness that can potentially result to less utilization
- Proactive management in taking care of health
- Create a process map that will seamlessly integrate vaccination executions

While vaccines were another driver to increase revenue, it may be looked at on a utilization management perspective, where it can lower the utilization resulting from respiratory diseases. The government was in the process of procuring flu vaccines for individuals aged 60 years and above, and the estimated time of delivery of the same was within the month.

However, the Philippines has been far behind the target 75% vaccine coverage as recommended by the World Health Organization (WHO), where poor populations were at risk.

Only 8.81% of adults aged 60 and above were vaccinated against influenza in 2022. One of the barriers to vaccination was that vaccines arrived too late for adequate protection against the current strain.

Based on Maxicare data, as of August, there were 135,000 or 8.35% Maxicare members who were aged 60 years and above. The product would target this market. It was also recommended by the Department of Health (DOH) that flu vaccines should be received annually.

On the other hand, pneumonia vaccines were a once-in-a-lifetime vaccine for those aged 60 years and above.

Mr. B. Go sought clarification whether the immunization product was likewise in collaboration with [REDACTED], which was confirmed by Ms. Malapitan.

He also inquired as to the charging and purchase. Ms. Malapitan responded that Maxicare will give the vaccines, and that based on the guaranteed number of vaccines, specific pricing would be given and that pricing would be used by Actuarial and Finance.

Ms. Go inquired as to how would the vaccines be administered to the patient. Ms. Malapitan explained that it could be via PCC avilment or reimbursement, viz:

For PCC availment, the vaccines would be those that were purchased from [REDACTED]. For reimbursement, because of the pneumonia and other strains, they were looking at whether the vaccines could be availed outside, and just be subject to reimbursement.

Ms. Go noted that a qualified person must be the one to administer the vaccine (i.e., a nurse).

Mr. A. Go inquired whether [REDACTED] was authorized to administer vaccines. It was explained that it should be authorized so long as nurses and doctors administered the same. For children, a physician must administer the vaccine, while for adults, the same may be administered by a registered nurse.

Mr. B. Go and Mr. A. Go raised the need to validate whether there were nurses and physicians in [REDACTED]. Ms. Malapitan confirmed that there have been communications with [REDACTED] in relation to the same.

Ms. Malapitan then presented that the [REDACTED] product that was sought to be launched by [REDACTED].

The Board expressed their approval on the same.

c.

As for the Products, Ms. Malapitan reported that as of 22 August, there was recorded in revenue, which was 21% of the projected revenue. The target at the end of the year was

Ms. Go requested a breakdown of the target versus the actual.

No objections were noted on the above products for approval.

V. Other Items for Approval

i.

Mr. Argos reported that the _____ was a fully paid two-bedroom unit in _____ which was already owned and recorded as an asset in the books of Maxicare, which could be used as a staff house for travelling officers. Thus, Mr. Argos requested for the approval of the amount of ₱ _____ to furnish the unit, broken down as follows:

SKU	DESCRIPTION	QTY	UNIT PRICE	TOTAL	DISCOUNT	AFTER DISCOUNT
2030391510459		1	39,950.00	39,950.00	30.00%	27,965.00
2030391510411		2	24,950.00	49,900.00	30.00%	34,930.00
2030392266676		1	154,950.00	154,950.00	80.00%	30,990.00
2030392266584		2	94,950.00	189,900.00	80.00%	37,980.00
2030382001003		1	4,599.00	4,599.00	20.00%	3,679.20
2030382001034		2	2,999.00	5,998.00	20.00%	4,798.40
2030381974100		2	1,749.00	3,498.00	20.00%	2,798.40
2030381974124		4	1,449.00	5,796.00	20.00%	4,636.80
2030104265942		5	8,995.00	44,975.00	10% (SMSM)	40,477.50
2030104265928		1	34,950.00	34,950.00	10% (SMSM)	31,455.00

Trucking Service Fee will be paid either on Cash In-Store or Payment upon Delivery

Mr. Gokongwei mentioned that moving forward, the Corporation be more cautious and circumspect about acquiring properties of a similar nature.

Mr. B. Go inquired as to the fair market value of the property. It was confirmed that the value was at around ₱ _____

Mr. A. Go raised the option of selling the property. Mr. Gokongwei also expressed his assent to the sale. Mr. Argos suggested to first confirm the value of the property before deciding on the sale, or to preserve the property to add to Maxicare's net worth.

It was then concluded that the current market value of the unit shall be reported in the next meeting.

ii. *Investment Limits*

The next item for approval in relation to investment limits and opening of bank accounts was reported by Ms. Espallardo, to wit:

Bank	Credit Ratings			Existing	Proposed Limit (Investible + Operational)		
	Fitch	Moody's	S&P	% at 4.88 (current)	% at 6.008	% at 8.008	
Bank of China							
Equicom Savings Bank							
Banco de Oro							
Bank of the Philippines Islands/ Robinsons Bank							
Metropolitan Bank and Trust Company							
Asia United Bank							
Philippine National Bank							
Rizal Commercial Banking Corporation							
Security Bank							
Unionbank of the Philippines							
*with time deposits placements							

No Philratings' scale available as of date, latest was on April 12, 2022 (PSBank only).

Placements as of July 31, 2024

Bank	Total	Investible	Operational	% in investible fund	Average %	Rating description	Fitch	Moody's	S&P	Phil Rating	% of Investible fund
Metropolitan Bank and Trust Company						Prime	AAA	Aaa	AAA	PR3 AAA	50%
Rizal Commercial Banking Corporation						High grade	AA	Aa	AA		40%
Robinsons Bank (BPI)							A	A	A	PR3 AA	40%
BPI Capital (IC earmarked)						Upper medium grade	BBB	Baa	BBB		30%
Equicom Savings Bank										PR3 A	
Banco de Oro						Lower medium	BB	Ba	BB		20%
Philippine National Bank							B	B	B	PR3 Baa	30%
Total											

Basis of Investible Limit

- Credit ratings
- Percentage of the fund for investment.

Notes:

- Operational fund if not yet needed may be invested in a short term deposit, i.e., 7 days, 15 days, etc.
- For banks that have exceeded the investment limit, additional placement can be made provided that the interest rates offered by the bank is the best rate and approved by either of the President & CEO or CFO.

She explained that the investment policy of Maxicare assigns investment limits based on the counter-party bank’s credit rating. Cash management gives priority to the bank with the highest interest rate offer in deciding which bank to place investible funds, and excess in limits based on policy requires approval from the CEO or CFO.

The proposal was to retain the percentage limit, but the absolute amount will change depending on the level of funds. If the bank has a prime or high-grade rating, the investment placed can range from _____ of the investible funds.

Approval was further sought for the opening of accounts in other banks that offer short-term proposals for the placement of unused operational funds. The proposal was to open a bank in _____. These two banks regularly offer time deposits within 10 or less than 30 days. For _____, negotiation shall likewise be made with the credit card group to add them to Maxicare’s online store for the installment payment options. Hence, the indicative rates reflected in the table were based on the most recent offer by the banks.

Further, _____ was offering very competitive rates (up to 5% interest rate) for less than 30 days (1-15 days).

Mr. A. Go suggested to consult the JG Group to make sure that Maxicare was getting the best prices during any negotiations.

This item was approved by the committee.

iii. Medical Plaza Makati Transfer

Mr. Joe Buot (“Mr. Buot”) raised the last item for approval which was in relation to the Medical Plaza Makati Transfer, or the transfer of employees from Binondo to Medical Plaza, Makati:

Total Amount for Approval:

Direct Cost/Opex	Expenses Classification	Expense	Amount	Vendor	Department	Explanation/Justification
Operating Expense	Transportation (via Payroll)	Maxicare at 163 organic employees		Maxicare Employees	Claims, Treasury, UEF	Transportation support for 3 months similar to implementation when employees were transferred to
Operating Expense	Outsourcing	Outsourcing cost impact for 56 outsourced employees		Various Agencies	Claims, Treasury, UEF	Binondo office in 2017 at P1p 1.5k per employee.
Total						

- Transfer of 106 organic and 56 outsourced employees to be completec
- 19th Floor Medical Plaza facility to start full operations
- Change management intervention managed through a series of online and face-to-face communication program v
- No critical employee issue surfaced out of this transfer of work site
- Request to implement a transport subsidy program just like what was implemented in 2017 when employees were transferred from Makati to Binondo (for ExCom approval)

Mr. Buot explained that the amount was primarily to cushion the impact of the transfer of personnel from Binondo to Makati. The amount will also cover the period of at least 3 months of transport subsidy for employees (106 organic and 56 outsourced).

Mr. A. Go inquired whether it was cheaper to operate in Makati, which was confirmed by Mr. Buot.

This item was approved.

iv. Donation to

As for the last item for approval, Mr. Argos raised the opportunity of donating equipment to in exchange for naming rights to two of their classrooms. The proposal was to donate 90 Lenovo desktops and 2 Huawei Ideahubs. The total amount of donation was F shared between the C and Maxicare Healthcare Corporation. He discussed that further coordination with the would have to be made to determine whether the donation could be classified as tax deductible. Further negotiations will also have to be made to name the classrooms under Maxicare and Maxilife.

Dear Mr. Argos,

Please find below our proposal for ninety (90) Lenovo desktops and two (2) Huawei Ideahubs for donation to

Min Qty	Description	Unit Price	Sub Total Price
90	Lenovo ThinkCentre M90s Desktop, core-i5, 15GB memory, 1TB SSD <ul style="list-style-type: none">• Small Form Factor, 260W 90% Power Supply• 14th Generation Intel® Core™ i5-14400 Processor (E-cores up to 3.50 GHz P-cores up to 4.70 GHz)• 16 GB DDR5-4400MHz (UDIMM)• 1 TB SSD M.2 2280 PCIe Gen4 TLC Opal• Windows 11 Pro 64 English (Preload)• Integrated Graphics• Flexible I/O Port Card-USB-C• Integrated Ethernet• Internal Speaker• 1 x USB-C, 4 x Front USB, 4 x Rear USB• 3-year warranty USB, Calliope, Black - English (US) (1-year warranty) USB Calliope Black Mouse (1-year warranty) Lenovo T24t-20 23.8inch Touchscreen Monitor (3-year warranty)		I
2	Huawei IdeaHub S2-65 <ul style="list-style-type: none">• 1 x IdeaHub S2-65• 1 x ICD OPS i5 D• 1 x IdeaHub Controller• 1 x IdeaShare Key (Type-A)• 1 x IdeaHub 2 Rolling Stand 65/75/86• 1 x WB1M0IDEAHUB02 WALL MOUNT BRACKET• 3-year warranty		
TOTAL PRICE (VAT-inclusive)			

Mr. Argos found value in sponsorship for branding purposes as this could be an avenue to attract potential clients.

Mr. Buenaventura further suggested that Maxicare could do the donation, but the two (2) classrooms would be named under the names of Maxicare and Maxilife.

This matter was approved.

VI. Adjournment

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

Prepared by:

DocuSigned by:
ATTY. DANNY E. BUNYI
Corporate Secretary

Attested by:

DocuSigned by:
ANTONIO L. GO
Signed by:
ESTHER WILEEN S. GO
Signed by:
RENE J. BUENAVENTURA

DocuSigned by:
LANCE Y. GOKONGWEI
Chairperson
DocuSigned by:
BRIAN M. GO
DocuSigned by:
MICHAEL P. LIWANAG

DocuSigned by:
ROBERTO J. MACASAET, JR.