MAXICARE HEALTHCARE CORPORATION

MINUTES OF THE EXECUTIVE COMMITTEE MEETING

Boardroom, Maxicare Tower
203 Salcedo Street, Legaspi Village, Makati City[1]
25 September 2024, 8:00 AM

PRESENT:L

ANTONIO L. GO
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
GRACE AGLUBAT
JASPER HENDRIK CHENG
FIONA MARIE L. VICTORIA
RODELEE UY
JOSEPHINE LOPEZ
JOSE PASTOR Z. PUNO
KURLEIGH GACUTAN
ELIZABETH GREGORIO
ATTY. ANDREW FORNIER
RAYMOND HERNANDEZ
JAY MAURICIO
ANTHONY PEREZ
JERRY PEREZ
ROCKY DE CASTRO
CARYL KOH
KAREN NINA ALMONTE
MIKE MANRIQUE
RACQUEL ADORABLE
IVAN LALUCIS
ARIANNE DE LEON
JENINA JOY MALAPITAN
LAURENZ DALANGIN
MARK MACAPAGAT
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 Corporate 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 28 August 2024.

IV. Reports

Before the actual reporting commenced, Mr. A. Go emphasized that Maxicare should be able to have at least Php1 Billion savings for 2025. He likewise mentioned that discussion on how to achieve this should be undertaken.

A. Financial & Sales Performance

Mr. Jerry Perez ("Mr. Perez") reported on the Financial and Sales Performance, as follows:

Maxicare

Executive Summary

	Net Income (Loss)	Gross Revenue	Net Revenue	Medical Utilization Ratio	Operating Expense Ratio	Net Worth	ATR
Key Metrics As of August 31, 2024 (based on unaudited figures)	P62.34M 38% of budget FTM	P2.42B 91% of budget FTM	P2.28B 94% of budget FTM	85.13% vs 76.35% budget FTM	8.94% vs 10.66% budget FTM	P2.02B Reqt: P1.85B	0.9467 Reqt. .75
	P166.62M 4,542% of budget YTD	P18.68B 93% of budget YTD	P17.57B 96% of budget YTD	86.81% vs 85.07% budget YTD	9.60% 10.96% budget YTD		

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FTM -For-the-Month
YTD - Year-to-Date
EICA - Estimated Incurred Claims Amount
IC - Insurance Commission
OGSM (Framework) – Objective, Goals, Strategies, and Measures
OPEX - Operating Expense
ATR - Acid Test Ratio
PCC - Primary Care Center

The net income for August 2024 was Php62.34 Million which was only 38% of the budget of Php164.75 Million. On the other hand, the Year-to-Date ("YTD") net income remained strong at Php166.62 Million which was above budget.

Gross revenues and net revenues continued to be below budget, as previously reported, but these had been addressed in the reforecast.

The Medical Utilization Ratio lagged behind budget since July 2024 due to the rise in the LOAs during the rainy season. The operating expense ratio remained favorable, driven by savings and deferred expenses.

Both Net Worth and Acid Test Ratio ("ATR") were compliant with regulatory requirements. Challenges and risks remain unchanged from the previous months. However, it was flagged that the response of the Insurance Commission ("IC") in relation to the extension request for the ATR relief was still pending.

Mr. Christian Argos ("Mr. Argos") shared that Insurance Commissioner Regalado confirmed that the IC would grant an extension of ATR relief, and that they would release an official communication before the expiration of the period.

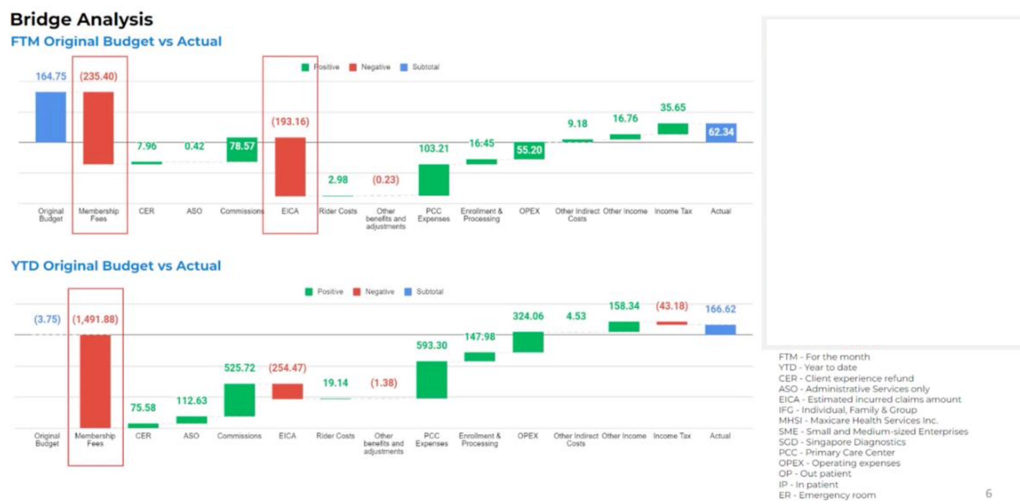
It was, however, emphasized that the ATR was expected to expire by the end of the month. Since the quarterly filing was scheduled on the 15th of October, the same can be issued any time before the date of the quarterly filing.

Mr. Argos further noted that the ATR threshold may decrease to 0.85% or 0.90% which should not be an issue for the Corporation.

Mr. Rene J. Buenaventura ("Mr. Buenaventura") inquired up to when would be the period of extension. Mr. Argos responded that it may be up to twelve (12) months. Mr. Argos noted that there was a new deputy commissioner for financial investigation, and consultations with the new deputy commissioner would have to be made. He noted that while there was initial word that the relief would not be extended, it was confirmed that the relief would, in fact, be extended.

For the Bridge Analysis between the Original Budget vis-à-vis Actual Budget, the focus was on the items which were the reasons for lower net income vis-à-vis the budget, which were the membership fees. The reduced membership fees amounted to , which were driven by the corporate accounts, Small and Medium-sized Enterprises ("SME") accounts and the riders. These have been addressed in Forecast 2 and Forecast 3 with much better information on the renewed and new business accounts. There had also been a higher Estimated Incurred Claims Amount ("EICA") at driven by all claims. Notable variance vis-à-vis the budget was the Out Patient ("OP") which were at and Emergency Room ("ER") claims at

For YTD, the Corporation was ahead of the original budget, which was mainly attributed to lower spending on commissions, PCC expenses, and operating expenses, among others. This offset the shortfall on membership fees.



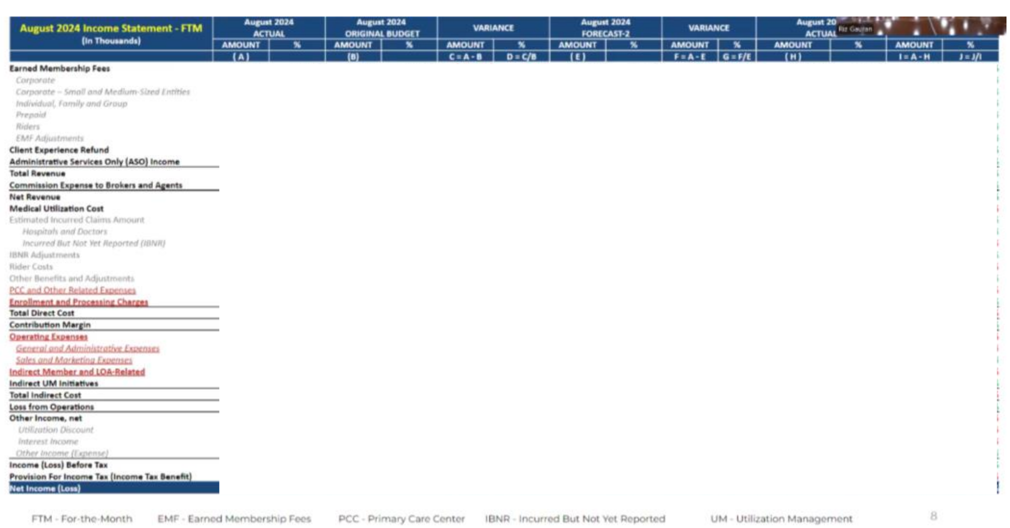
On the other hand, the bridge analysis for Forecast 2 was presented as follows:

EICA was higher at Php63.42 Million and attributed to an increase in ER and OP consultations related to illnesses from the rainy season.

Small variances were noted For The Month ("FTM") of not more than Php20 Million. For YTD, the lower expenses can be attributed to the deferral of the billing of the Boston Consulting Group ("BCG") fees which were estimated at Php103.5 Million and which will be paid and settled in September 2024.

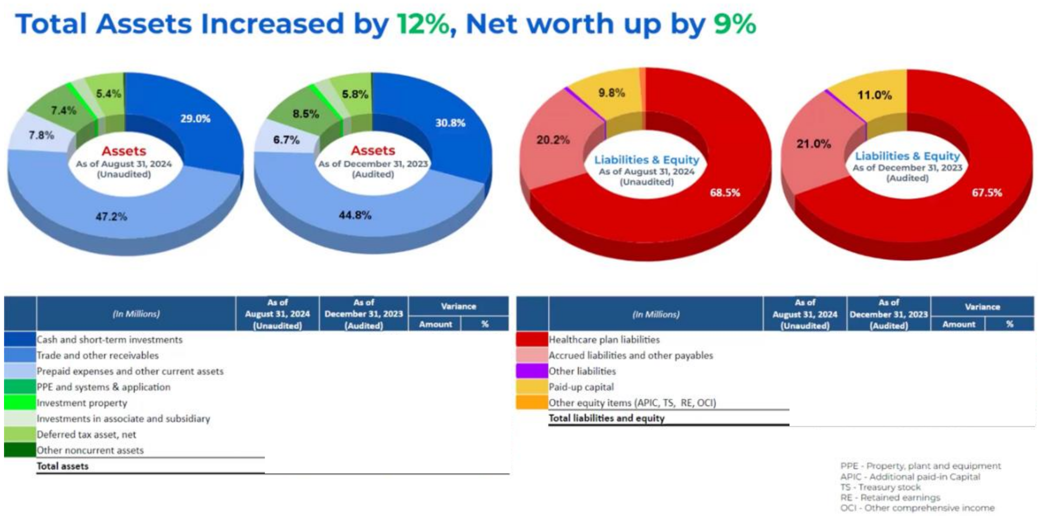
Mr. A. Go inquired as to how to improve on the accuracy of the financial reporting such as the forecasting of the EICA. He likewise asked whether the capital expenses and the rest of the operating expenses can be differentiated. Mr. A. Go stated that the capital expenses could just be a matter of timing but once operating expenses are spent, these are fully eliminated. He emphasized that in terms of reporting, the factors which can be controlled must be identified.

Mr. Perez then discussed the following slide:

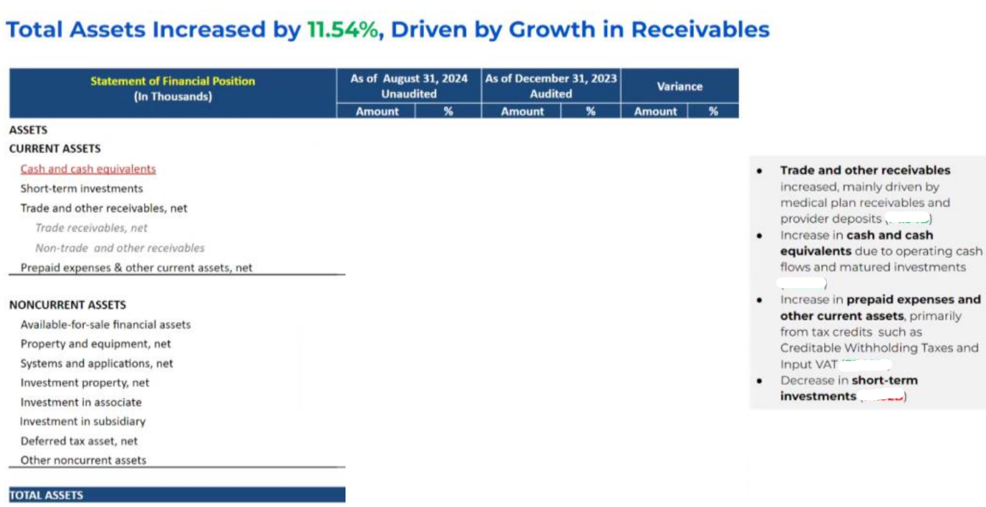


For FTM, it was noted that there had been an AMF adjustment in the amount of This was due to the upward adjustment for the retroactive cancellation of 4.5%, which was previously recorded at There was late enrollment activation for some of the accounts at 12.9% and 5.8%.

There were also additional amounts of which had been recorded, with the remaining budget of



For the Balance Sheet, total assets increased by 11.54% driven by the growth in receivables and cash equivalents and prepaid expenses in current accounts, mainly from tax credits.



However, there was a decrease in the Short-Term Investments at which was due to the shift in the investment in short-term maturity periods of ninety (90) days or less, which offered higher yields on around 6% vis-à-vis the long- term investments, which was around 5%. For the Total Liability, it was at

1.78%, which was primarily driven by the rise in the membership reserve, which was related to unexpired portion of premiums.

Additionally, Claims Reserves grew by . Accrued and Other Payables increased by .. Net Worth increased by which was attributed to the YTD income.

To summarize, Mr. A. Go inquired as to the income for the year. It was explained that based on the forecast, the year -end income could amount to

Mr. A. Go noted that he wanted the amounts to be more accurate.

Mr. Argos explained that most of the profit came from November and December in the normal cycle, even during pre-pandemic. Typically, Quarter 3 and YTD ended with a net loss position.

Mr. A. Go asked how much would be earned by the end of September. Mr. Argos noted that a YTD forecast of could be made.

Mr. Perez then quickly reported on the cash flows, where it was noted that the Liabilities were up by , which were driven by the increase in Membership Fees and in Accrued Liabilities.

Statement of Financial Position (In Thousands)	As of August 31, 2024 Unaudited		As of December 31, 2023 Audited		Variance	
	Amount	%	Amount	%	Amount	%
LIABILITIES AND NETWORTH						
CURRENT LIABILITIES						
Healthcare Plan Liabilities						
Membership fee reserves, net						
Claims reserves						
ASO reserves						
Lease liability - current						
Accrued liabilities and other payables						
NONCURRENT LIABILITIES						
Lease liability - non current						
Retirement liability						
Other non-current liabilities						
TOTAL LIABILITIES						
NETWORTH						
Paid-up capital (Common and Preferred)						
Paid-up capital in excess of par						
Treasury stock						
Other comprehensive income items						
Retained Earnings						
Appropriated						
Unappropriated						
TOTAL LIABILITIES AND NETWORTH						

- **Membership Fee Reserves** represent the unearned premium portion which increased
- Increase in **accrued liabilities and other payables** due to government statutory payments e.g., Value Added Taxes, Withholding Taxes, SSS contributions, etc. and expense accruals
- **Equity** movement reflects year-to-date net income including revaluation adjustments

ASO - Administrative Services Only

It was then discussed that while the regulatory ratios were met, the following key metrics must be improved:

Key Performance Ratios YEAR-TO-DATE	August 31, 2024 UNAUDITED	August 31, 2024 ORIGINAL BUDGET	August 31, 2024 FORECAST-2	December 31, 2023 AUDITED
NET INCOME/LOSS RATIO	0.95%	-0.02%	0.02%	-3.23%
MEDICAL UTILIZATION COST RATIO	86.81%	85.07%	86.59%	93.85%
UTILIZATION DISCOUNT	3.27%	2.98%	3.16%	3.62%
RETURN ON AVERAGE ASSETS	0.93%	-0.02%	0.02%	-4.60%
RETURN ON AVERAGE EQUITY	8.61%	-0.28%	0.20%	-43.27%
DEBT-TO-EQUITY RATIO*	3.07	4.28	3.39	3.02
ACID TEST RATIO	0.9467	0.9144	0.9291	0.9284
BOOK VALUE PER SHARE	118.57	49.83	102.07	101.70
NET WORTH	**2.02B**	1.34B	1.85B	1.85B

- YTD Net Income drives Improvement in Key Performance Ratios
- Acid Test Ratio Significantly Surpasses 0.75 Requirement
- Net Worth Exceeds P1.85B Threshold

**Debt to Equity Ratio is computed by Total liabilities net of Membership fee reserves divided by Total Equity*

Mr. Michael Liwanag ("Mr. Liwanag") asked that the figures have always been backloaded pre-pandemic so did this mean that nothing fundamentally changed during the pandemic such that the figures still displayed the same trend? Mr. Jasper Hendrik Cheng ("Mr. Cheng") explained that this was because of how the EMF was earned but the MUC was lower. Based on the corporate plan, aside from the lower seasonal MUC, aggressive improvement on steerage would be incorporated. Mr. Argos added that more PCCs would be opened in Q3. Mr. Liwanag noted that it would be good to identify the movers in the next forecast.

Mr. Argos pointed out that they were confident that December would be profitable as this had been the yearly trend even during the pandemic.

Mr. Buenaventura inquired whether it was possible to have a similar ratio or measure of Medical Utilization Ratio on how much of the medical expenses FTM and YTD are channeled to the PCCs or accounted by the PCCs.

Mr. Argos confirmed that the same was one of the KPIs. He explained that the ratio of payments to MHSI versus EICA must be refined because it did not represent the value in the market share. A proposal would be used next October so that there would be a more updated and accurate representation. By some measures, the PCCs already account for 20% of the out-patient figures. He mentioned that they will check on how this can be incorporated in the financial reports as this is a key metric.

Mr. Buenaventura raised that he was unsure on how to make the figures comparable because if these were measured in Philippine Pesos as a percentage of total medical expense, the pricing for PCCs would be lower than what was paid for the other clinics.

Mr. Argos explained that there were multiple parameters to measure the cost and value which the PCCs deliver. He directed Mr. Cheng to discuss the same as this was included in his report. Mr. Cheng presented the following slide:

Maxicare Achieves P166.62M YTD Net Income, Surpassing Budget and Forecast-2

August 2024 Income Statement - YTD (In Thousands)	August 2024 ACTUAL		August 2024 ORIGINAL BUDGET		VARIANCE		August 2024 FORECAST-2		VARIANCE		August 2023 ACTUAL		VARIANCE	
	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	(A)		(B)		C = A - B	D = C/B	(E)		F = A - E	G = F/E	(H)		I = A - H	J = J/I
Earned Membership Fees														
Corporate														
Corporate – Small and Medium-Sized Entities														
Individual, Family and Group														
Prepaid														
Riders														
EMF Adjustments														
Client Experience Refund														
Administrative Services Only (ASO) Income														
Total Revenue														
Commission Expense to Brokers and Agents														
Net Revenue														
Medical Utilization Cost														
Estimated Incurred Claims Amount														
Hospitals and Doctors														
Incurred But Not Yet Reported (IBNR)														
IBNR Adjustments														
Rider Costs														
Other Benefits and Adjustments														
PCC and Other Related Expenses														
Enrollment and Processing Charges														
Total Direct Cost														
Contribution Margin														
Operating Expenses														
General and Administrative Expenses														
Sales and Marketing Expenses														
Indirect Member and LOA-Related														
Indirect UM Initiatives														
Total Indirect Cost														
Loss from Operations														
Other Income, net														
Utilization Discount														
Interest Income														
Other Income (Expense)														
Income (Loss) Before Tax														
Provision For Income Tax (Income Tax Benefit)														
Net Income (Loss)														

YTD - Year-To-Date EMF - Earned Membership Fees PCC - Primary Care Center IBNR - Incurred But Not Yet Reported LOA - Letter of Authority 9

Mr. Cheng discussed that the above showed the actual spend on the PCCs but this amount already incorporated the inherent discount on PCCs so this hid the success of the steerage since the share it took is already lower.

Mr. Brian Go ("Mr. B. Go") requested that a presentation slide be created where the PCC was combined at its service value with the actual OPC. He additionally suggested that this could be broken up by location so that the market shares could be seen by geography. While the service value was inherently theoretical, it was pointed out that assumptions could be made so that they could arrive at a ballpark figure. Mr. Cheng responded that the ratios can be determined by count.

Mr. Argos enumerated the measures for profit and loss that could be used such as the actual money being spent and value based on the discount price. From there, they could determine the value taking into consideration the substitution cost, which would result to the service value.

Further, Mr. Argos explained that the service value vis-à-vis actual payment must be shown when engaging with clients. This can help in the prioritization of clinic areas where most value could be derived.

Mr. A. Go noted the difficulty of lowering in-patient costs. He raised the importance of determining the expansion items that could be done outside of the hospital, and how much could be saved by doing so.

Ms. Jenina Malapitan ("Ms. Malapitan") reported that the ambulatory, ophthalmology, physical therapy, and surgical were being looked into as items that could be introduced into the mix of PCCs services.

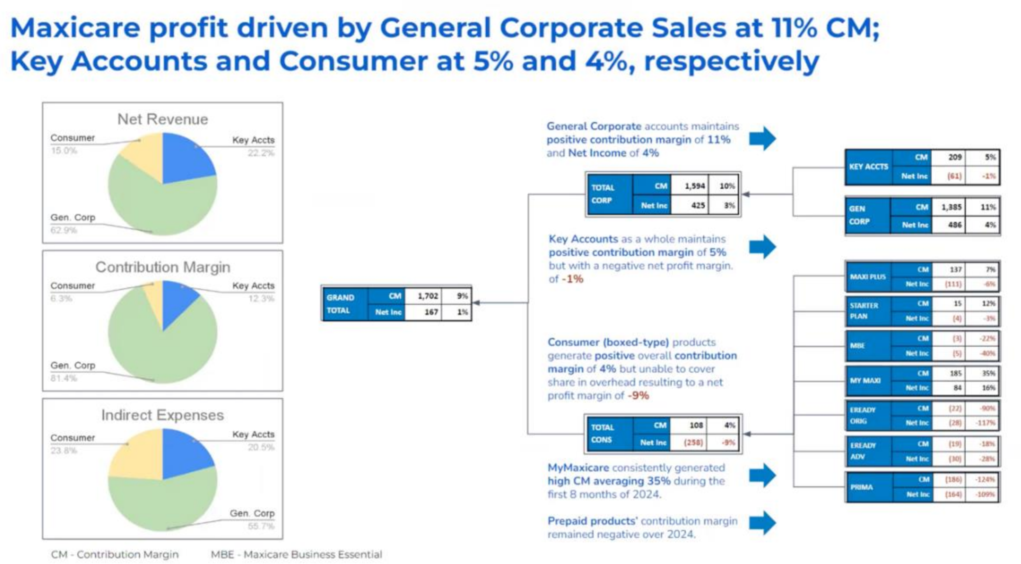
Mr. Roberto Macasaet, Jr. ("Mr. Macasaet") raised, however, that the clinics are "Primary" Care Clinics. Hence, if the mentioned minor surgery procedures would be introduced, the same may change the nature of the PCCs. Implications such as the applicability of the current licenses were discussed. In light of the new surgical procedures, an ambulatory surgical license may have to be applied for in order for the clinics to be able to perform minor surgeries.

As a solution, Mr. Argos mentioned that partnering with other ambulatory facilities, and not necessarily Maxicare itself building the capability, was suggested. As such, these surgical procedures need not be done by the PCCs themselves.

Mr. A. Go noted that either way was fine as long as the Corporation's costs would be lowered.

Mr. Mark Macapagat ("Mr. Macapagat") reported on another perspective of profitability as of 31 August 2024. He explained that profitability for this period was largely driven by the margin coming from the General Corporate Sales which was at 11% CM Average for the eight-month period.

It was followed by key accounts and consumer products taken as a whole at 5% and 4% average overall contribution, respectively.



The shares between the three (3) groups of accounts were as follows:

(1) General Corporate Sales – 62.9%
(2) Key Accounts – 22.2%
(3) Consumer – 15.0%

The more in-depth comparison would show the amount of Contribution Margin ("CM") vis-à-vis the sharing in the Indirect Cost. CM was the net revenue on top of the medical utilization cost ("MUC") determined for each of the products and a layer of directly identifiable costs to each of the accounts and products.

The Indirect Expenses have a methodology of sharing which was leaning towards activity-based costs sharing. These were dubbed as “indirect” because these were not entirely specific to sharing general corporate accounts for the 81% of the CM were reported as of August; whereas it took 56% of the Indirect Cost or share, and which generated the highest profit among the 3 groups. Key accounts contributed 12% to the CM line whereas it took 20% of the Indirect Expenses.

Consumer products contributed 6% to the CM. It also accounted for 4% of the Indirect Cost.

All of the three (3) accounts would provide 10% CM at a 1% net income margin as of August. This could be broken down further into Consumer and Corporate.

Total Corporate was roughly at 10% CM, while Total Consumer was at 4% CM. The net income for Consumer was already negative.

Mr. A. Go inquired as to what were the solutions for the items highlighted in red as those indicated that they are at a loss.

For the three (3) main products, it was discussed that they have already launched the repriced version of the items in red ( ).

It was reported that the products going forward would be profitable. Mr. A. Go further inquired as to the status of the new products.

Mr. Raymond Hernandez (“Mr. Hernandez”) discussed that the target was to have the new products in the next couple of weeks, most probably by Preparations were already underway. Some finalizations as to internal agreements within the group were just being made.

Mr. A. Go also emphasized the importance of the delivery system in relation to satisfactory customer experience.

Mr. Macapagat reported that the Key Accounts were comprised of accounts from and with a 2023 pricing. Pricing methodologies did not apply to yet at this point. More favorable margins were expected to be recorded in September since a new pricing methodology was used.

Mr. Cheng explained that three (3) of the five (5) accounts were actually double digit positive in terms of CM.
These would carry the rest of the key accounts forward. was an exception because this was already identified to have a lower CM at the start of this year.

Starting on 01 September will be on a new pricing therefore, it will have a decent price increase.

were at low negative CM, hence, these accounts dragged the other three (3) accounts down. Once the CM started ramping up to closer to the 10% level, these should generate positive figures.

Mr. Argos expounded that to give flexibility for a new product in Consumer, a review of the PCC cost model concept yielded to an agreement that base load capacity would be allocated to Corporate. The fractional capacity to serve incremental services from new products, i.e., reformulated Prima, will now be at a smaller variable cost per unit of service.

The new Prima products would see a better cost allocation for the Consumer products that would allow a more aggressive price. This should allow a competitive pricing advantage for Consumer products.

Mr. A. Go noted that the projections should be more accurate and positive every month. Moreover, the software which has been purchased allowed the budgeting at the granular level.

Mr. Argos further explained that preparation were being done as the budget season commences. The work consisted of capturing costs and proper structuring so that there would be better preparation in terms of profitability, granular cost allocation, clearer accountability, guidance on the spending allowance, and items that are programmed to be spent per department.

Mr. A. Go wanted to ensure the turnaround time for every transaction, which should be preferably instantaneous i.e., within the day (and by next year, within the hour).

The launch and marketing of Prima products was discussed. Mr. Argos relayed that this would not likely be launched by January 2025. He also noted that the Consumer products should not be treated as fast moving consumer goods ("FMCG").

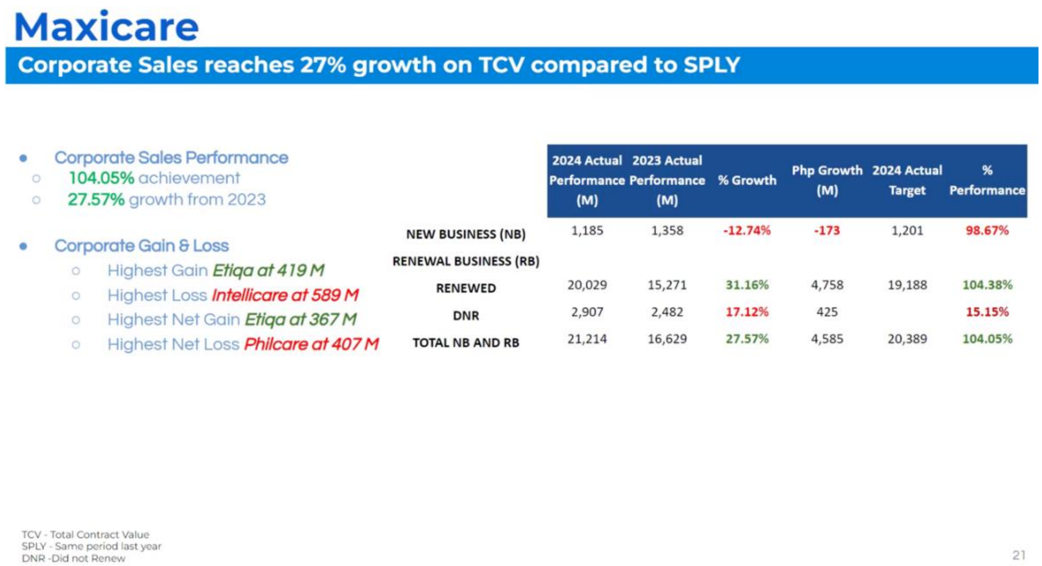
On another point, Mr. A. Go inquired as to how they would further their co-branding with Southstar Drug. Mr. A. Go suggested reverse engineering of the products in relation to purchasing trends.

Mr. B. Go requested for the presentation on the regular cadence and co-branding wit for the next Executive Committee meeting, particularly on the comparison of the prices of products. For a more constructive discussion, it was suggested that a key point person from be invited for this purpose.

It was noted that the above shall be presented as part of the OGSM construct.

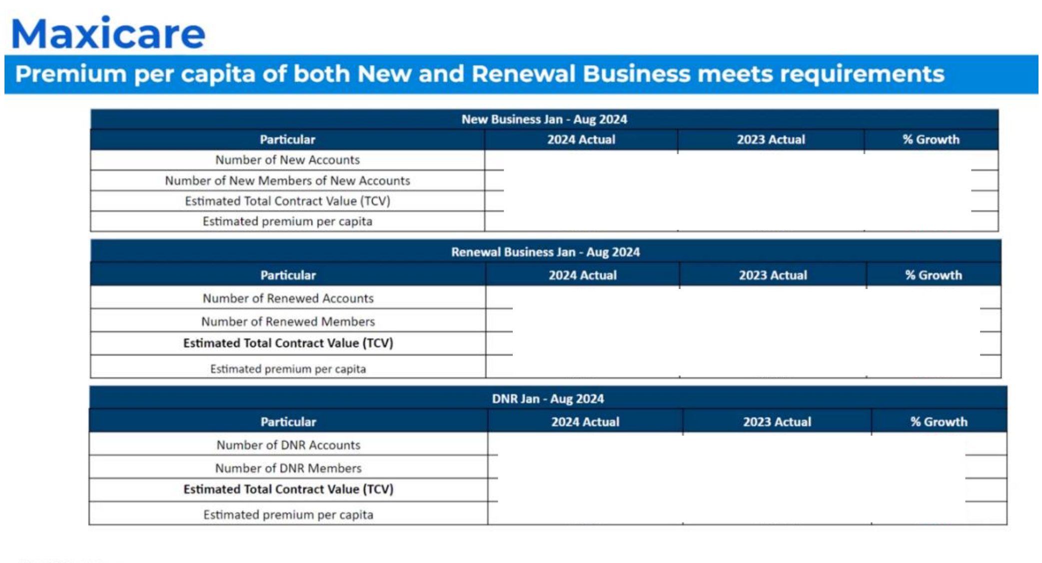
B. Corporate Sales

Ms. Fiona L. Victoria ("Ms. Victoria") reported that for the Corporate Sales Performance YTD from January to August, the team achieved 104% of its YTD target.



	2024 Actual Performance (M)	2023 Actual Performance (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
NEW BUSINESS (NB)	1,185	1,358	-12.74%	-173	1,201	98.67%
RENEWAL BUSINESS (RB)						
RENEWED	20,029	15,271	31.16%	4,758	19,188	104.38%
DNR	2,907	2,482	17.12%	425		15.15%
TOTAL NB AND RB	21,214	16,629	27.57%	4,585	20,389	104.05%

For New Business, the figure was 98.67%, which was a decline from last year's performance. For Renewal Business, the team was able to renew Php20 Billion worth of contracts compared to last year's performance of Php15.2 Billion, which was at a 104% achievement for retaining existing accounts.



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

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

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

The Did Not Renew ("DNR") number was stable, as the percentage thereof decreased last month from 16% to 15%. Total New and Renewal Business were currently at a 27% growth compared to the same period last year.

The achievement reported at this stage was clarified to have resulted due to higher premium charges rather than membership number. For New Business, the number of accounts grew by 35%, but the headcount was lower compared to last year's number. Conversely, the premium per capita increased by 26% at average this year compared to the new businesses last year of . For Renewal Business, there was a significant increase in the contract value of 35%.

The membership fees from last month significantly grew close to 70%. The average premium for all accounts last year was only at , but the average premium for the YTD was already at

For the DNRs, these appeared to be closer to last year's premium with an offer of a per capita fee of , but the renewal did not take place, given the average per capita of retained accounts.

Mr. A. Go inquired as to the 29% negative figure. Ms. Victoria explained that the figure pertained to the DNR accounts. When these were quoted last year, the average premium amounted to only When efforts were made to retain these accounts this year, the average per capita was still low at However, the renewal of these accounts did not take place. As such, the figure was the growth from the premium of last year due to renewal conditions.

It was clarified by Mr. Argos that the 29% was the proposed price increase, was a mere proposal but that the same was not realized and which was confirmed by Ms. Victoria.

Mr. B. Go further noted that there was a loss of 200,000 members. Ms. Victoria explained that there was a total of members at the start of the year, but now the numbers figured a members.

For the August DNRs, three (3) major accounts were noted to have not renewed this year:

DNR (Did Not Renew) Accounts: AUGUST

Effective Date	COMPANY NAME	Reason for non-renewal	Chosen Provider	Years with maxicare	MLR	CM	INCREASE	2023 HEADCOUNT	2023 TCV WITHOUT VAT
1-Aug-23					15.00%	16%	35%	3,274	
1-Aug-23					85.00%	18%	20%	995	
1-Aug-23					82.00%	14%	34%	1,026	
1-Aug-23					85.00%	16%	13%	891	
1-Aug-23					61.00%	30%	82%	1,926	
1-Aug-23					103.00%	18%	38%	574	
TOTAL								8,686	

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

MLR - Medical Loss Ratio
TCV - Total Contract Value
CM - Contribution Margin

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The first is), which is a account at with proposed renewal price of TCV[2].

The loss ratio was at 98%, and an offer of 35% increase this year was made. A notice from the Procurement Team was given stating that Intellicare offered close to 20% discount from the status quo. The offer of 35% was retained, and a walk away rate was provided.

Second was the . Philcare offered a discount with a loss ratio at 82%, which was a discount from the status quo of 1%, while Maxicare's increase was at 34%.

And the third was , where Etiqa offered a discount from the existing rates at 2%, while Maxicare offered an increase of 20%.

It was noted that some of the accounts might not have provided their actual loss ratio.

For Gain – Loss figures, as reported, the highest gain was from Etiqa Php419 Million. This came from the Quarter 1 ("Q1") performance of New Business that shifted to Maxicare this year. The highest loss remained from Intellicare, while also retaining Etiqa with the highest net gain at Php367 Million.

[2] TCV: Total Contract Value

Gain - Loss Study (in Millions) *JAN - AUG 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	%
ETIQA	16,360	6	419 M	3,048	7	53 M	13,312	-1	367 M	21.64%
FRESH ACCOUNTS	6,008	37	90 M	0	0	0 M	6,008	37	90 M	5.30%
GREPALIFE	2,427	1	39 M	0	0	0 M	2,427	1	39 M	2.30%
AVEGA	602	2	15 M	0	0	0 M	602	2	15 M	0.89%
MAXICARE	2,158	13	20 M	313	3	7 M	1,845	10	13 M	0.78%
PACIFIC CROSS	279	3	5 M	0	0	0 M	279	3	5 M	0.32%
CareHealth Plus	100	1	1 M	0	0	0 M	100	1	1 M	0.06%
EASTWEST	336	2	4 M	396	1	4 M	-60	1	0 M	0.00%
SELF-ADMINISTERED	144	1	2 M	299	4	3 M	-155	-3	-1 M	-0.04%
PURPLE COW	0	0	0 M	79	1	2 M	-79	-1	-2 M	-0.12%
AMAPHIL	0	0	0 M	674	2	3 M	-674	-2	-3 M	-0.16%
FORTICARE	0	0	0 M	367	1	4 M	-367	-1	-4 M	-0.23%
FLEXICARE	0	0	0 M	293	1	4 M	-293	-1	-4 M	-0.24%
HIVE HEALTH	0	0	0 M	385	2	6 M	-385	-2	-6 M	-0.35%
LIFE AND HEALTH	0	0	0 M	1,612	1	7 M	-1,612	-1	-7 M	-0.44%
NONE	2,914	9	57 M	4,238	34	65 M	-1,324	-25	-9 M	-0.52%
HC&D	0	0	0 M	978	1	20 M	-978	-1	-20 M	-1.18%
VALUCARE	1,120	1	14 M	6,826	2	66 M	-5,706	-1	-51 M	-3.04%
GENERALI	1,880	8	23 M	8,114	5	93 M	-6,234	3	-70 M	-4.11%
INSULAR LIFE	117	1	2 M	6,353	9	125 M	-6,236	-8	-122 M	-7.23%
MEDICARD	8,550	30	162 M	15,276	18	289 M	-6,726	12	-128 M	-7.53%
COCOLIFE	716	3	13 M	17,649	14	311 M	-16,933	-11	-297 M	-17.56%
INTELLICARE	9,935	23	261 M	40,797	15	589 M	-30,862	8	-329 M	-19.41%
ICARE	388	1	8 M	39,327	3	388 M	-38,939	-2	-381 M	-22.49%
OTHERS/DID NOT DISCLOSE	249	3	3 M	27,002	86	386 M	-26,753	-83	-383 M	-22.61%
PHILCARE	3,385	9	60 M	33,359	17	467 M	-29,974	-8	-407 M	-24.04%
TOTAL	**57,668**	**154**	**1199 M**	**207,385**	**227**	**2892 M**	**-149,717**	**-73**	**-1693 M**	**100.00%**

Mr. A. Go noted the net loss of Php1.7 Million, and how the cost per transaction will be lower because of the scale of volume.

Ms. Victoria explained that the highest net loss shifted to Philcare. The shift was driven by three (3) accounts which shifted to them in August, the biggest of which was . All of these provided discounts for existing premiums while Maxicare offered increases.

Corporate Gain & Loss JAN - AUG 2024

Highest Gain

EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Previous Provider	CM
1-Jan-24			13,909		
25-Jan-24			1,010		
1-Feb-24			296		
15-Feb-24			244		
1-Jun-24			852		
1-Aug-24			49		

Highest Net/Loss

EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Chosen Provider	LR
15-Aug-23			22,296		
1-Jan-23			172		
31-Mar-21			155		
15-Apr-23			4,799		
1-May-23			140		
1-May-23			3,146		
31-May-23			340		
16-Jun-22			360		
30-Jun-22			168		
1-Jul-22			130		
29-Jul-23			109		
1-Aug-22			110		
1-Aug-23			1,026		
14-Aug-24			252		

Highest Loss

EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Chosen Provider	LR
1-Jan-23			24,485		
1-Jan-23			484		
1-Jan-23			1,613		
20-Jan-23			94		
1-Feb-23			1,663		
18-Mar-23			1,376		
16-Mar-23			557		
1-Feb-23			216		
15-Feb-23			88		
1-Jun-23			6,899		
1-Jun-23			107		
16-Jun-23			60		
1-Jul-23			2,478		
17-Jul-23			506		
1-Aug-23			171		

The highest loss was to Intellicare, which was driven by the Q1 Performance, the biggest of which was the with an ASO program and 1 January effectivity.

Ms. Victoria further explained that
were companies in
and , respectively. Both of these accounts shifted to Philcare, and were driven initially by provider concerns in Philcare was very competitive in its pricing as discounts were offered, although the loss ratio was at the range of 95% or over 100%. Thus, the accounts were not retained.

Mr. B. Go clarified whether it was the price or service which was the main cause of the non-renewal of said accounts. Mr. Argos confirmed that it was the price.

As to membership headcount, the breakdown of headcount in terms of product types and contract types was presented as follows:

Maxicare

Membership count remains stable at 1.6M

Month	SEPTEMBER 25 EXCOM							AUGUST 28 EXCOM						
Product Type	FR	% inc/ dec	ASO	% inc/ dec	TOTAL	% inc/ dec	% POPULATION FROM TOTAL	FR	% inc/ dec	ASO	% inc/ dec	TOTAL	% inc/ dec	% POPULATION FROM TOTAL
Corporate Accounts														
Corporate Dental Plan														
Maxicare Plus														
Starter Plan														
Maxicare Business Essential														
Individual														
Family														
Group														
Prima Gold														
Prima Silver														
Eready														
TOTAL														

FR - Full Risk (HMO accounts)
ASO - Administrative Services Only (accounts)

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For the entire membership, the headcount was a members, which was composed of 80% from the Corporate Accounts.

There was a minor increase in the number of Corporate Accounts at 0.57% as compared to the volume reported in the 28 August 2024 Committee meeting.

Mr. A. Go inquired as to how much headcount has been lost since January. Ms. Victoria answered that the headcount loss was at

Mr. A. Go further asked as to how the pricing impacts the headcount. Mr. Cheng responded that pricing may determine the headcount basis, but having the lower base would spread the OpEx output. Ultimately, it would depend on whether pricing affects the CM appetite. In the long run, the aim was to regain more market share and bring the same closer to so that could be priced at the ceiling.

Mr. A. Go sought clarification on the best way to handle the cost for it to be fixed in such a manner that these would not be adjusted every month. It was explained that to operationalize the same, the pricing CM need not be necessarily changed but the OpEx ratio will be affected. If the aim was to arrive at 12% to 14%, having more headcount will bring the OpEx ratio down. On the other hand, having less headcount would increase the OpEx ratio. Hence, the income will shrink.

Mr. B. Go noted the importance of competitive pricing to the market. While profitability was the aim, the price must also take into account a volume projection that must be met.

Mr. Argos discussed that if the OpEx was outweighed by the Boston Consulting Group ("BCG") fees, the OpEx ratio would be at 11%, which was the lowest among the three largest HMOs.

He noted that the goal must be to increase the net income ratio to 5% for 2025. This would build resiliency in the business for stronger absorption against negative variances and decreased headcount while still delivering a good bottom line.

Mr. Argos further explained that reliance on the historical seasonality can no longer be made. The peaks will be higher in that the variability and intensity of the diseases will be more severe as time goes on, hence the need to boost efficiency and profitability.

The need to anticipate the sudden appearance of Monkey Pox in the Philippines was also raised by Mr. Macasaet, so that sufficient preparations could be made as opposed to what happened with the Covid19 disease.

Mr. Argos explained that budget would be done differently this year, stating that there would be a "bottoms up" budget on the expense side, while there would be less of a "bottoms up" budget on the revenue and EICA side.

Mr. A. Go stated that he was more worried on turnaround time rather than cost.

On a separate matter, Mr. B. Go inquired as to how much more consultancy fees were expected. He asked whether costs were expected for next year. Mr. Argos replied that BCG was pitching and he mentioned that their billing would have to come next year because of the formula relied on them. However, approval will not be sought this year. It should be next year because the formula will only be determined by the first part of next year.

C. *Consumer Sales*

For Consumer Sales, Ms. Rodelee Uy ("Ms. Uy") reported that the performance was at 94.61% vis-à-vis target growth compared to last year's performance at 15.60% growth.

For new business, the achievement was at Php945 Million, which was a 12.8% growth vis-à-vis last year.

Consumer Sales

Jan-Aug 2024 Consumer Sales: 94.61% Achievement vs. Target or 15.60% Growth

	2024 Actual Performance (M)	2023 Actual Performance (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
New Business	1066	945	12.80%	121	1275	83.67%
Renewal Business	2160	1,845	17.03%	314	2135	101.15%
Consumer Total	**3,226**	**2,791**	**15.60%**	**435**	**3,410**	**94.61%**

SME Gain & Loss
- Highest Gain *Fresh Accounts at 312M*
- Highest Loss *None at 159M*
- Highest Net Gain *Fresh Accounts at 312M*
- Highest Net Loss *None at 159M*

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

SME - Small and Medium-sized Enterprises

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For the Competitive Gains and Losses, it was reported that there were no significant changes. The highest gain was from the fresh accounts at Php312 Million, and the highest loss was with None at Php159 Million.

Mr. B. Go inquired as to the reason why some accounts were leaving, and then suddenly returning again. It was explained that some accounts, especially the SMEs[3], prioritize budget. Hence, if they can no longer afford the program, they will leave. They would then return again once they have enough budget.

It was reported that the only profitable product in Consumer was MyMaxicare, which was Maxicare's oldest HMO product.

Mr. B. Go inquired as to what would make the product attractive to the market with all the price increases. It was explained that it has a better coverage as compared to the other box-type products of competitors. Mr. B. Go inquired which was the main box-type competitor. The most common competitors were the HMOs such as Medicard, Philcare, and Intellicare.

Mr. A Go instructed Mr. Hernandez to create a product for the whole family since typically if one person gets sick, the whole family gets infected. He added that there can be Prima product for the seniors and another version for the family.

[3] SME: Small and Medium-sized Enterprises

Consumer Sales

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

Based on YTD July + FTM August	2024 YTD (As of August)			2023 YTD (as of August)			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 (+/-)
B2C - Individual and Family									
1. MYMAXICARE									
2 EREADY (Platinum & Titanium)									
3. PRIMA (Gold & Silver)									
4. EREADY ADVANCE (Platinum & Titanium)									
SUBTOTAL									
B2B - SME Boxed Type									
1. MAXICARE PLUS									
2. MAXICARE STARTER PLAN									
3. MAXICARE BUSINESSESSENTIAL									
SUBTOTAL									
TOTAL :									

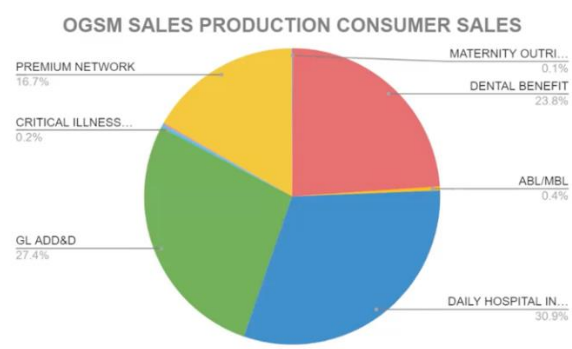
B2C - Business-to-Consumer
B2B - Business-to-Business
YTD - Year-to-Date
FTM - For-the-Month
NCV - Net Contract Value
SME - Small and Medium-sized Enterprises

In relation to the different product types and the performance of the team on the SME OGSM Products in the past four (4) months, the revenue went up to . This showed that an expanded product line enabled addressing the specific requirements of the clients. There were only two (2) products that could be provided to consumers:

Consumer Sales

SME OGSM Product Performance (Apr- Aug)

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



revenue in 4 months
for the ready now products of OGSM

SME - Small and Medium-sized Enterprises
OGSM - Objectives, Goals, Strategies, and Measures
ABL - Annual Benefit Limit
MBL - Maximum Benefit Limit
TCV - Total Contract Value
GL ADD&D – Group Life Accidental Death, Disablement, & Dismemberment

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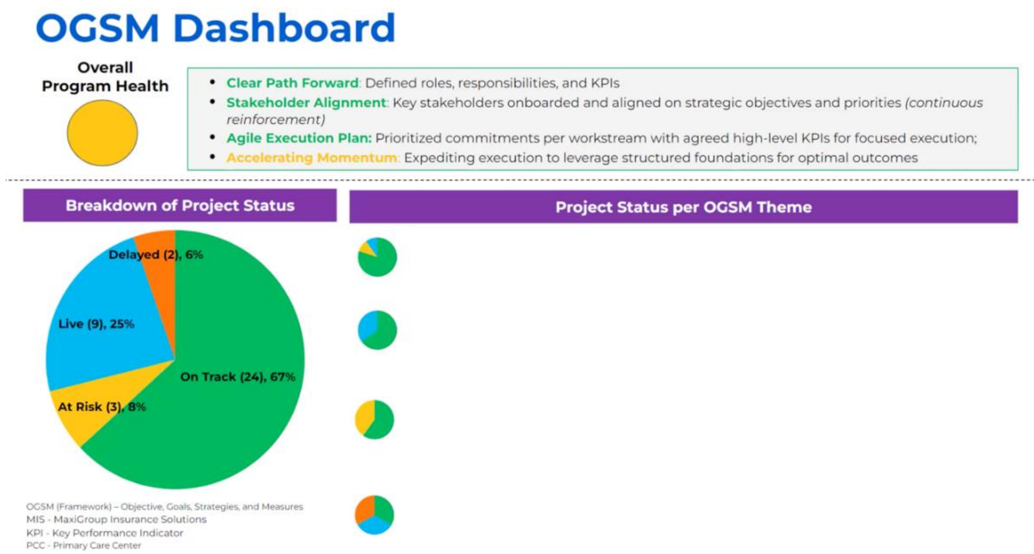
D. *OGSM Updates*

Ms. Caryl Koh ("Ms. Koh") reported that the Overall Program Health for OGSM remained amber due to several "at risk" and "delaying" projects.



For product roadmap, one product, "Preventive Care", went live last 02 September.

Eight out of nine products were on track, with scheduled to go live by

It was highlighted that Maxicare was in partnership with The value proposition was to provide members with cash discounts on medicine purchases, which would be a value added service to the members.

Mr. B. Go inquired as to what particular medicines would have discounts. It was replied that there were mostly maintenance medicines.

On Partner and Networks, GoTyme already had 150 new doctor sign-ups as of 20 September 2024.

For Phase 2, which will cover existing doctors in Metro Manila, the campaign will commence by Q4. The Phase 2 communications will go live by

For the team had scheduled an initial discussion targeted for the end of September. The pitch was loan insurance for home buyers and residents' insurance for accident or health-related emergencies.

Mr. B. Go inquired as to what was the target number to be covered by Phase 2. In total, the number should be at existing doctors. Checks were no longer to be given to doctors, instead, the money should go through GoTyme already.

For MF80, communications have been sent to target accounts and for further discussion of other use cases such as tele/video consult that would help drive traction onsite for corporate accounts. It was reported that certain accounts would be tapped and select accounts have already expressed interest.

Initially, the MF80 devices were deployed in Four months back, the goal was to reduce provider-initiated LOAs and increase member-initiated LOAs.

Since the member-initiated LOA target had been captured, MF80 was being considered to assist in steerage work. Either the accounts would be placed in the corporate clinics, or in the HR rooms, where members would be able to request for LOAs using the preferred provider network mapping in the MF80 instead of waiting for the CSS or the company doctors to arrive. Improvement of the transactions done through MF80 were being looked into, and if the same was going to be released to targeted clients.

Ms. Esther Go ("Ms. Go") clarified whether MF80 was a product or a channel. Ms. Victoria explained that MF80 was technically a transactional channel that supported some products.

Mr. Argos further expounded that MF80 was separate, and that there were two use cases: one is a service channel for issuing LOAs, which was more for steerage; while the other was a channel for a particular product. The identified use case was to utilize this as a selling channel, which was under Mr. Hernandez.

Ms. Go raised the confusion of calling the channel MF80 as the use of the same appeared to be vague.

For Process and Systems, it was reported that th was delayed, and the target tech go-live date was to be identified by was delayed due to dependency on

The MIS for Maxicare was reported to go live by next year.

Mr. B. Go requested for a demonstration of the MIS after the launch by the next Executive Committee meeting.

E. *Items for Approval*

For Maxicare, another Bureau of Internal Revenue ("BIR") Letter of Authority ("LOA") was issued for Value-Added Taxes ("VAT") for the Taxable Year 2023, for the period from 01 January 2023 to 31 December 2023. This was received on 19 September 2024 with documents needed to be provided on or before 29 September 2024.

As of date, there were three open LOAs for VAT and all internal revenue taxes both for FY 2022 and VAT for FY 2023.

The request was for approval of Cabradilla Parducho Fernandez Nanas & Associates ("CPFN") to handle the LOA with the BIR. LOAs in the past have been successfully terminated/closed with their assistance. CPFN's engagement fee was priced at I with budget.

No objection was made on the same.

As an aside, Mr. Argos discussed that the House Bill for the formation of a new HMO Code had been approved by the Ways and Means Committee, which was scheduled to go on floor of Congress. A provision in the Bill stipulated the elimination of VAT for HMOs. There was also a proposal to waive premium tax for HMOs, subject to certain conditions which will be discussed on the floor. Thus, HMOs might be in parity with life insurance; in fact, HMOs might even have a tax advantage.

HMOs were planned to be placed under the Department of Finance and Department of Health because of the initiative to drive the acceleration of healthcare benefits. There was little confidence that PhilHealth can do it, so government was leaning towards the private sector.

Mr. Argos further discussed that there was a proposal to form a collegiate body with five (5) board members to solely oversee the HMO industry.

Mr. Argos noted that the current administration would be focusing heavily on health. In parallel, the Insurance Commission called for a meeting with all HMOs, to be attended by the Department of Budget and Management and Department of Health. In that meeting, discussions would made regarding a project driven by the President with a budget allocation per government employee. This would be dispersed in 2025 for all government employees in the executive branch. It was noted that these will not go through PhilHealth.

Mr. Argos noted that the Corporation has to be mindful of the foregoing.

V. ADJOURNMENT

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

Prepared by:

ATTY. DANNY E. BUNYI
Corporate Secretary

Attested by:

ANTONIO L. GO

ESTHER WILEEN S. GO

ROBERTO J. MACASAET, JR.

BRIAN M. GO

RENE J. BUENAVENTURA

MICHAEL P. LIWANAG