MAXICARE HEALTHCARE CORPORATION

MINUTES OF THE EXECUTIVE COMMITTEE MEETING

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

PRESENT:	ALSO PRESENT:
LANCE Y. GOKONGWEI	CHRISTIAN S. ARGOS
ANTONIO L. GO	MARIA TERESITA A. ESPALLARDO
ROBERTO M. MACASAET, JR.	GULLY GO
BRIAN M. GO	GRACE AGLUBAT
ESTHER WILEEN S. GO	JASPER HENDRIK CHENG
RENE J. BUENAVENTURA	FIONA MARIE L. VICTORIA
MICHAEL P. LIWANAG	RODELEE UY
	JOSEPHINE LOPEZ
	JOSE PASTOR Z. PUNO
	KURLEIGH GACUTAN
	ELIZABETH GREGORIO
	RAYMOND HERNANDEZ
	JAY MAURICIO
	ANTHONY PEREZ
	JERRY PEREZ
	ROCKY DE CASTRO
	CARYL KOH
	KAREN NINA ALMONTE
	MIKE MANRIQUE
	RACQUEL ADORABLE
	IVAN LALUCIS
	JENINA JOY MALAPITAN
	LAURENZ DALANGIN
	MARK MACAPAGAT
	ATTY. MARNELLI A. SALES
	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. Lance Y. Gokongwei ("Mr. Gokongwei"), the Chairman, called the Executive Committee (the "Committee") meeting to order and presided over the same. The Acting Secretary, Atty. Marnelli A. Sales, ("Atty. Sales") recorded the Minutes of the proceedings.

II. Certification of Quorum

The Acting 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 Acting 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 25 September 2024.

IV. Reports

A. *Financial & Sales Performance*

Mr. Jerry Perez ("Mr. Perez") reported on the Financial and Sales Performance for the month of September, 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 September 30, 2024 (based on unaudited figures)	(P61.91M) -98% of budget FTM	P2.33B 88% of budget FTM	P2.19B 91% of budget FTM	85.73% vs 77.56% budget FTM	15.61% vs 14.88% budget FTM	P1.96B Reqt: P1.85B	0.9502 Reqt. .75
	P104.72M 177% of budget YTD	P21.01B 93% of budget YTD	P19.76B 95% of budget YTD	86.69% vs 84.20% budget YTD	10.27% 11.42% budget YTD		

Excom: October 23, 2024

FTM - For-the-Month
YTD - Year-to-Date

ATR - Acid Test Ratio
EICA - Estimate Incurred Claims Amount

OGSM - Objectives, Goals, Strategies, and Measures
PCC - Primary Care Center

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The net loss for the month amounted to Php 61.91 Million which was below the budget. The YTD[2] net income was at Php 104.72 Million, which was ahead of the budget. Gross revenues and net revenues continued to lag behind the budget due to the shortfall in membership fees.

The unfavorable medical utilization ratio was mainly attributed to the EICA[3] ratio which was 10.23% higher than the budget, and 5.15% higher vis-à-vis the budget point.

As to the actual OPEX[4], although the same was lower nominally compared to the budget and Forecast 2, the percentage increased due to the lower base or the debt revenues specifically for this month. However, the YTD OPEX Ratio remained ahead of the budget at 10.27%. On the other hand, Net Worth and the ATR[5] remained compliant with regulatory requirements and there had been APIC for the ATR as well.

The bridge analysis for the FTM[6] Original Budget was presented as follows:

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[2]Glossary

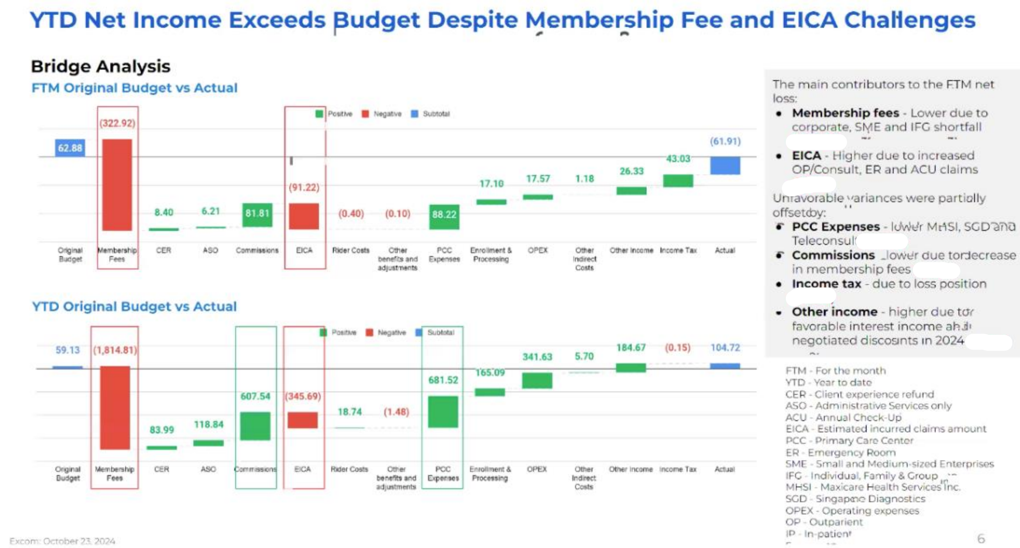
YTD: Year To Date

[3] EICA: Estimate Incurred Claims Amount

[4] OPEX: Operating Expense

[5] ATR: Acid Test Ratio

[6] FTM: For the month



The original budget was at net income, however, the actual amount ended at The main drivers of the performance were the lower membership fees and EICA, which were driven by outpatient laboratory consultation, emergency services, and ACU[7] claims.

There had likewise been lower spending on the PCCs[8], commissions and taxes due to a favorable variance because of the shift from the income to loss.

Mr. Antonio L. Go ("Mr. A. Go") clarified that the lower spending may be attributed to the delay in opening of the PCCs. Mr. Perez confirmed that it was partly because of the same.

Mr. Roberto M. Macasaet, Jr. ("Mr. Macasaet") asked whether the lower membership fees were the result of a price situation or the actual decrease in the headcount of members.

Mr. Christian Argos ("Mr. Argos") confirmed that there had been a drop in the headcount of members for the year because of loss of accounts, particularly in relation to unprofitable accounts, hence the need to increase the rates significantly.

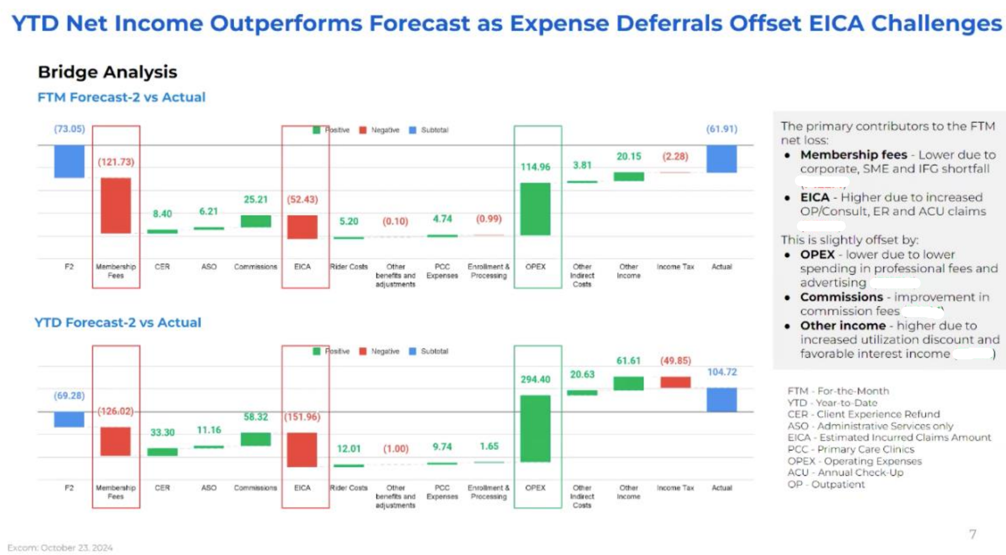
Mr. Gokongwei inquired as to the range between the average price and average income. Mr. Argos confirmed that the average prices went up versus last year.

It was explained that the revenue per head was up, but the number of heads went down compared to last year. The year started with a headcount of 1.8 Million, while the current numbers figured at 1.6 Million for the full risk members, including

[7] ACU: Annual Check-Up
[8] PCC: Primary Care Center

ASO. Notably, it was reported that the net income had improved. For the prior year, September YTD, Maxicare had a higher net revenue by 14% vis-à-vis the previous year.

Forecast 2 projected a Net Income of The actual net income amounted to The drivers were the membership fees and EICA.



As to OPEX, there have been deferrals as the recording of the BCG fees from July to September have been deferred to the fourth quarter. Mr. Argos clarified that the BCG fees were budgeted at around for the year. As such, Mr. Argos inquired as to what amount was already included as of third quarter. Mr. Perez confirmed that the amount included was at around

Mr. Argos discussed that the year could end roughly close to where they should be for the BCG component. Thus, in terms of the bridge analysis as compared to the original, while there was a deferral to next year, the same would not drive savings in OPEX vis-à-vis the original budget.

Mr. A. Go instructed to bill as many accounts as possible and to do so as efficiently as possible.

Mr. Perez further reported that the YTD for Forecast 2 projected the , but the actual amount figured at . This was the effect of the OPEX timing, which should be incurred by the fourth quarter.

Additional allowances for doubtful accounts were likewise recorded at around

The YTD and FTM figures were presented as follows:

Maxicare Exceeds September 2024 Forecast-2 Target

September 2024 Income Statement - FTM (In Thousands)	September 2024 ACTUAL		September 2024 ORIGINAL BUDGET		VARIANCE		September 2024 FORECAST-2		VARIANCE		September 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														
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)														

Maxicare Achieves P104.72M YTD Net Income, Surpassing Budget and Forecast-2

September 2024 Income Statement - YTD (In Thousands)	September 2024 ACTUAL		September 2024 ORIGINAL BUDGET		VARIANCE		September 2024 FORECAST-2		VARIANCE		September 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														
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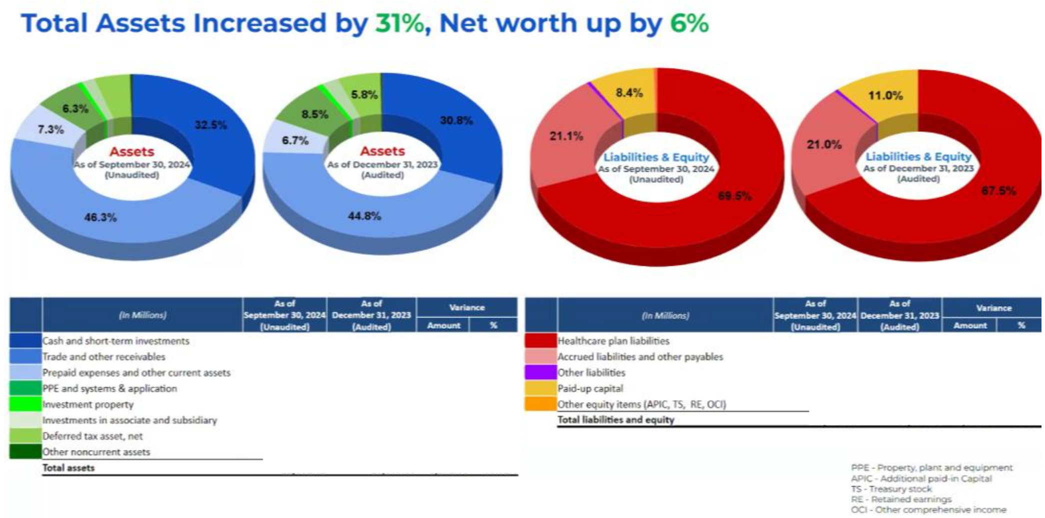
Loss from Operations														
Other Income, net														
Utilization Discount														
Interest Income														
Other Income (Expense)														
Income (Loss) Before Tax														
Provision For Income Tax (Income Tax Benefit)														
Net Income (Loss)														

The total assets were reported by Mr. Perez to have grown by F
This was primarily driven by the cash and cash equivalent of short-term investments which increased by



The most notable collection was from ., whose payment amounted to 75% of the collectible amount – around for the year. The others were just increases on the receivables and prepaid expenses which accounted for input Value-Added Tax ("VAT") and Creditable Withholding Tax.

The healthcare plan liabilities increased by 33.7% mainly due to the F in membership fee reserves. These refer to the unexpired portion which must be recognized for the full TCV once the accounts were closed.

In relation to the accrued liabilities and other payables, Mr. B. Go inquired whether the trade payables were split. Mr. Perez explained that there were portions which have been accrued while the others were categorized under trade. He elaborated that the accrued liabilities include payables to the government and providers.

He further discussed that part of the "providers" were the claims payables, but the majority of it consists of the unearned membership fees.

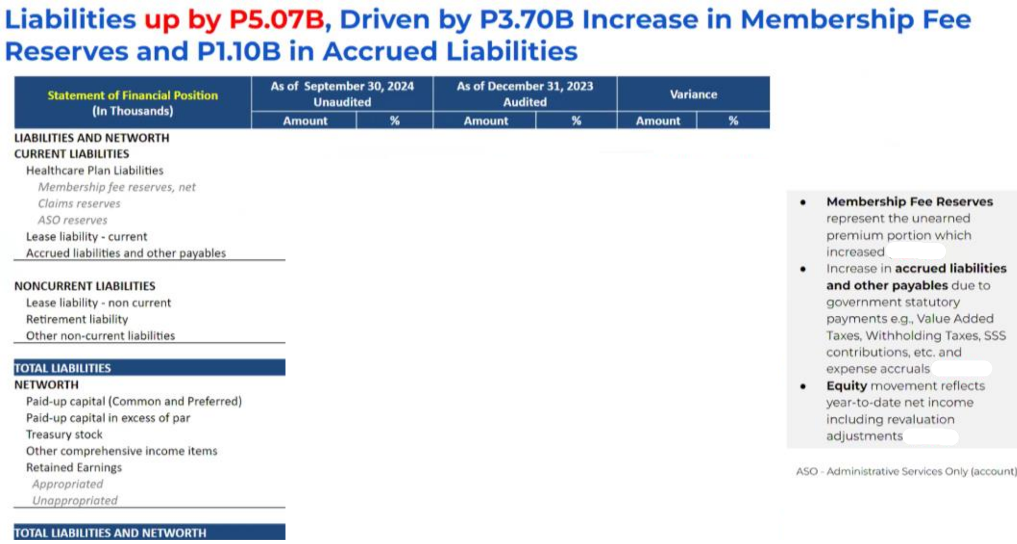
Mr. B. Go raised a concern regarding the speed with which the payment to the providers were made. Mr. Argos answered that this would depend on whether the sub-providers promptly paid. If the sub-providers do so, then payment could be made within seven days. This ranged from around 3% to 5%.

Mr. B. Go inquired whether there was a metric such as payables over provider fees expenses. Mr. Perez confirmed that they can prepare a report on said metric and give an analysis of the turnover of the payables, particularly on the medical claims versus the EICA.

Mr. Argos noted the PPD forfeiture report which showed how much discounts were not captured because of late payments.

Ms. Esther Go ("Ms. Go") asked whether it would make sense to record separately the subcategories of unearned amounts in relation to the amounts owed to providers.

In response, Mr. Perez presented the following slide:



He explained that the membership fees refer to the unearned portion while the claims reserves partly refer to the IBNR[9] and claims payables.

Mr. Perez further discussed that the medical and government payables refer to payment to processors and outsourcing providers.

Mr. B. Go noted that for accrued liabilities and other payables was a substantial amount. Mr. Perez explained that the increase was due to the VAT which was on a quarterly basis. In fact, he noted that of said amount pertained to the VAT.

Mr. Gokongwei asked how much VAT was paid in a year. Mr. Perez replied that this amounted to around per year.

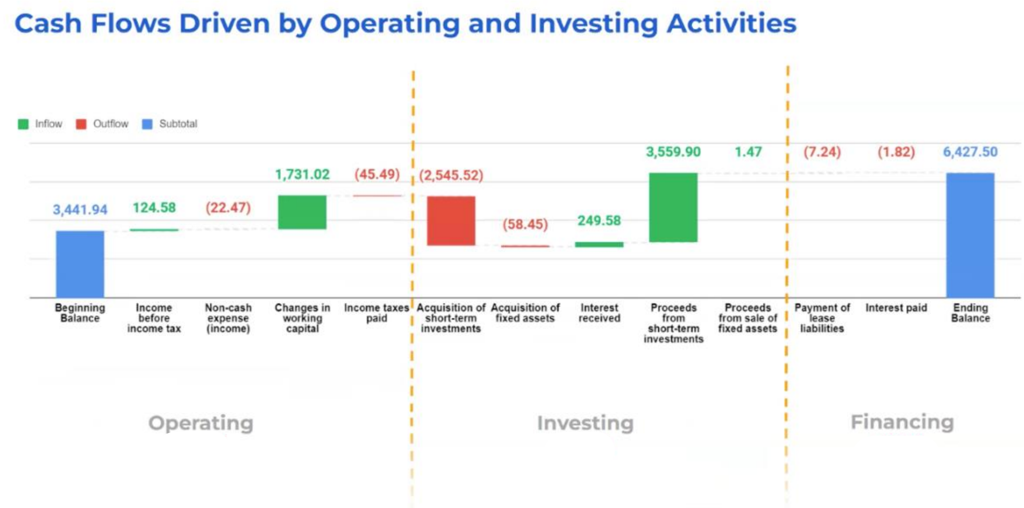
Mr. Perez further explained that medical services are VAT exempt. Hence, the Corporation was always on an output payable position.

Mr. Argos reiterated that there were three bills pending before Congress which might move HMOs to a premium tax regime, which would be 2%.

Out of the , Mr. Perez raised that input tax amounted to around

[9] IBNR: Incurred But Not yet Received

Mr. Perez then presented a slide on the cash flows. He discussed that cash flows were driven by operating and investing activities and noted that the investing model has grown, and the increases mostly referred to the cash equivalents.



The figures for the cash flow, which showed a positive cash flow of
were reported as follows:

Strong Cash Flows: Operating Activities at P1.79B, Investing Activities at P1.21B

Back to BS

Statement of Cash Flows (In Thousands)	September 30, 2024 Unaudited	December 31, 2023 Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax		
Adjustments for:		
Depreciation and amortization		
Provision for credit and impairment losses		
Retirement expense		
Fair value loss (gain) of investment property		
Interest expense		
Share in net loss from associate		
Loss (gain) on sale of property and equipment		
Interest income		
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Trade and other receivables		
Non-trade receivables		
Prepaid expenses and other current assets		
Other noncurrent assets		
Increase (decrease) in:		
Healthcare plan liabilities		
Membership fee reserves, net		
Claims reserves		
ASO reserves		
Accrued liabilities and other payables		
Other noncurrent liabilities		
Net cash generated from (used in) operations		
Income taxes paid		
Net cash provided by (used from) operating activities		

Statement of Cash Flows (In Thousands)	September 30, 2024 Unaudited	December 31, 2023 Audited
CASH FLOWS FROM INVESTING ACTIVITIES		
Received from:		
Proceeds for matured short-term investments		
Proceeds from sale of available-for-sale financial assets		
Proceeds from sale of property and equipment		
Investment in associate		
Interest		
Acquisitions of:		
Short-term investments		
Property and equipment		
Software cost		
Net cash provided by (used from) investing activities		
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of:		
Loan		
Lease liability		
Interest		
Dividends		
Received from:		
Capital subscription		
Net cash provided by (used from) financing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
CASH AND CASH EQUIVALENTS AT END OF PERIOD		

As to the regulatory ratios, the Medical Utilization Cost Ratio was the only key performance ratio which had an unfavorable figure, but the Acid Test Ratio and Net Worth were both compliant:

Regulatory ratios met, Key Metrics continue to improve

Key Performance Ratios YEAR-TO-DATE	September 30, 2024 UNAUDITED	September 30, 2024 ORIGINAL BUDGET	September 30, 2024 FORECAST-2	December 31, 2023 AUDITED
NET INCOME/(LOSS) RATIO	0.53%	0.28%	-0.35%	-3.23%
MEDICAL UTILIZATION COST RATIO	86.68%	84.20%	85.93%	93.85%
UTILIZATION DISCOUNT	3.29%	2.93%	3.11%	3.62%
RETURN ON AVERAGE ASSETS	0.54%	0.34%	-0.38%	-4.60%
RETURN ON AVERAGE EQUITY	5.50%	4.30%	-3.81%	-43.27%
DEBT-TO-EQUITY RATIO*	3.56	4.09	3.54	3.02
ACID TEST RATIO	0.9502	0.9238	0.9300	0.9284
BOOK VALUE PER SHARE	112.29	56.21	94.67	101.70
NET WORTH	**1.96B**	1.40B	1.78B	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*

As to regulatory updates, CL[10] No. 2024-18 on Regulatory Relief on ATR Requirement was issued by the IC[11] on 10 October 2024. In the said CL, the ATR was reduced from 1.0 to 0.90 for HMOs (from 0.75). Maxicare was at 0.95 Essentially, the CL provided an extension on the 1.0 compliance.

Mr. Perez further reported on CL No. 2024-20 on the PFRS[12] 17 Implementation Update which was issued by the IC on 17 October 2024 where the mandatory application thereof was deferred to 01 January 2027 from 01 January 2025.

Nonetheless, Mr. Perez noted that Maxicare already established a transition program to manage the risks associated with PFRS 17. An engagement with PwC[13] was made for the management of the transition.

Mr. A. Go inquired as to the implications thereof. Mr. Perez discussed that there would be a change in the presentation of financial statements (i.e., receivables will be grouped with unearned to show the position regarding insurance contract liabilities and assets which will be combined in the balance sheet). The core business, which is insurance, will be recorded separately for the income statement. It will affect MaxiLife, but the implications thereof essentially refer to the mapping of the insurance vis-à-vis the investment component.

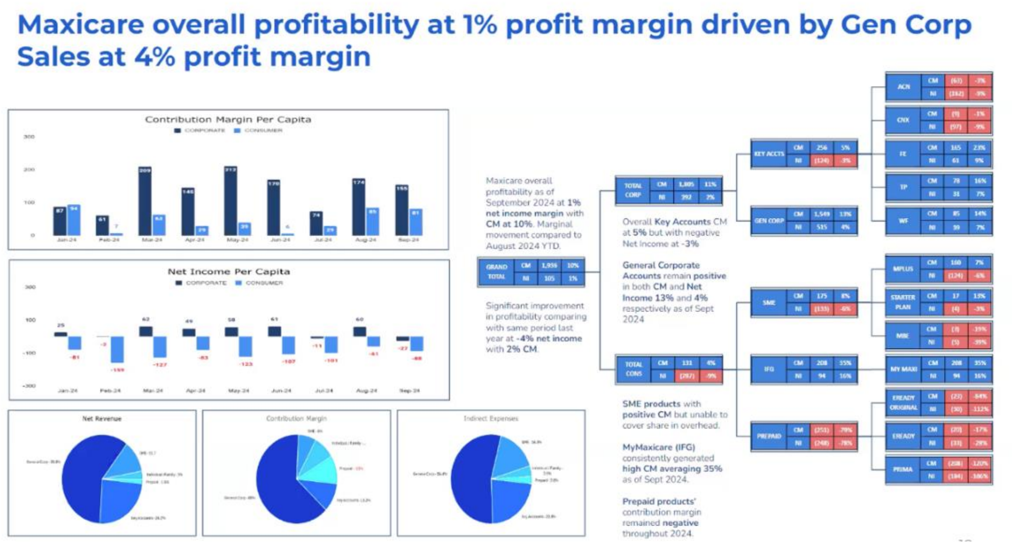
Mr. Perez further clarified that the PFRS 17 applied only to HMOs.

B. *Profitability Report*

Mr. Mark Macapagat ("Mr. Macapagat") reported on the profitability of the Corporation. He discussed that Maxicare generated a CM[14] of 10% for the period

[10] CL: Circular Letter
[11] IC: Insurance Commission
[12] PFRS: Philippine Financial Reporting Standards
[13] PwC: PricewaterhouseCoopers
[14] CM: Contribution Margin

ending 30 September 2024, with a 1% net profit margin. This was largely driven by GCS[15] which reported a 4% profit margin and 13% CM.



When the profitability of full tax security corporate and consumer was divided, it was noted that corporate accounts contributed a 7% CM with a 2% net income margin. (This was further broken down to key accounts and general corporate accounts). The key accounts were the 5 companies listed on the upper portion of the slide which are:

Mr. B. Go inquired whether money was being lost in
even at a CM level. Mr. Macapagat replied that for , there were losses primarily during the first eight months which was the old renewal before the increase in September. It was explained that if the new rate was annualized, the CM would show positive results.

Mr. Gokongwei clarified if Maxicare was still at a negative profitability as a whole in September and which was confirmed by Mr. Macapagat.

The CM of the overall key accounts was at 5% but with negative Net Income at 3%. General Corporate Accounts remained positive in both CM and Net Income 13% and 4% respectively as of September 2024. SME products were with a positive CM but unable to cover share and expenses in overhead. MyMaxicare (IFG) consistently generated high CM averaging at 35% as of September 2024 and a high profit margin of 16%. On the other hand, the CM for prepaid products remained negative throughout 2024. These products have undergone product re-engineering and will be re-launched at a profitable rate.

[15] GCS: General Corporate Sales

Mr. Gokongwei asked if Maxicare was still selling prepaid products, and which was answered in the negative. It was explained that sales of the prepaid products stopped but there was a carryover.

Mr. B. Go inquired when the launch was intended. It was answered that was planned to be launched by whereas there was no firm schedule yet for the new Prima variants, but the indicative date is on the first quarter of 2025.

Mr. Macapagat then presented a slide on overall profitability. It was explained that while prepaid was showing a huge percentage in terms of cost, the same does not really matter much because of the package carried.

Maxicare overall profitability at 1% profit margin driven by Gen Corp Sales at 4% profit margin

	2024 YTD					
(amounts in thousands)	CORP - KEY ACCTS	CORP - GENERAL	SME	IFG	Prepaid	TOTAL
Earned Membership Fees						
Administrative Services Only (ASO) Income						
Client Experience Refund (CER)						
TOTAL REVENUE						
Commission Expense						
TOTAL REVENUE net of COMMISSION						
Medical Utilization Cost						
Estimated Incurred Claims Amount (EICA)						
Rider Costs						
PCC related Costs						
Enrollment and Processing Charges						
TOTAL DIRECT COST						
CONTRIBUTION MARGIN						
Operating Expenses						
Indirect Member and LOA-related						
Indirect UM Initiatives						
TOTAL INDIRECT COST						
INCOME (LOSS) from OPERATIONS						
Other Income, net						
INCOME (LOSS) BEFORE TAX						
Provision for Income Tax						
NET INCOME						

Mr. Argos pointed out that IF[16] was still the most profitable. Hence, there is a need to take care of this area as well as those on individual plans.

Mr. Gokongwei inquired why SME was losing money. It was noted that SME was already subject to price increase. Mr. Argos suggested to reconsider the design of SME. He recommended to approach box type products differently because such differences lied in the product design and contract.

He explained that SME was defined as headcount of up to a certain number. However, Mr. Argos emphasized that the definition should pertain not only to headcount, but also to the benefits. For example, the required price point may be low for SMEs, but accounts that require a low price point were not necessarily for all SMEs. For instance, factory workers in the manufacturing industry might look for plans which were at the Php7,000.00 range.

16 In-Family

As such, Mr. Argos observed that many SMEs with varying requirements might be forced to fit into a single product construct.

Ms. Go raised that from a risk perspective, SMEs were part of a different industry, and that each industry has a different occupational risk profile.

Ms. Rodelee Uy ("Ms. Uy") noted that Maxicare has different pricing metrics for the different industries.

Mr. Argos emphasized the importance of an instrument that would further refine the product based on the benefits and risk profile of the individual.

Ms. Go suggested to take the learnings from IF as it was a profitable product, however, the problem was that there would be negative self-selection.

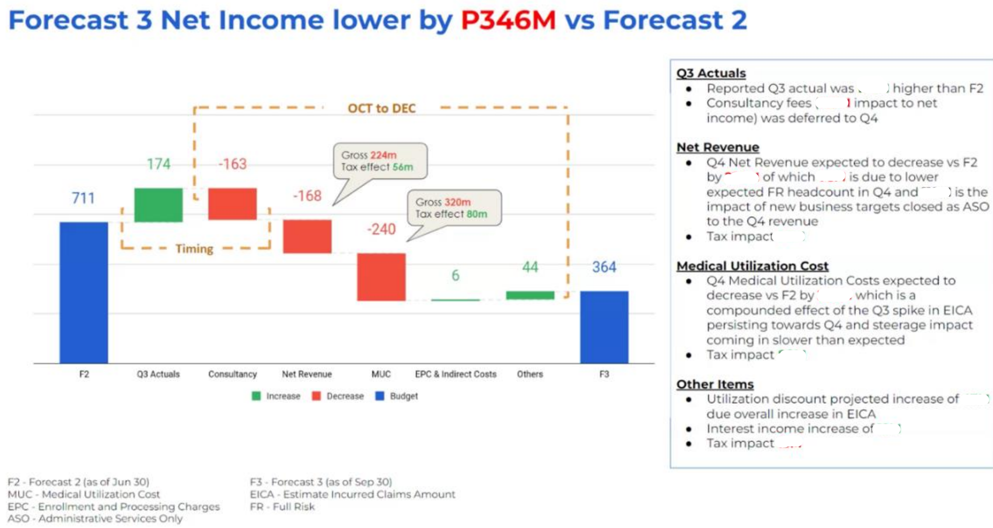
Mr. Argos explained that there was self-selection, but the reason why IF was profitable was because customers were willing to pay the premium for high tech and security. However, Mr. Argos noted that the same limits Maxicare's market.

Mr. Argos discussed that there could be an IF opportunity at a lower price point. The only question was how to enable the lower price point for IF so that more people can purchase the same. Studies showed that people want to invest in health for the family. Hence, to avoid the anti-selection, it may be best to have it mandatory. For instance, the plan will be bought and there must be an enrollment of around three people, or this could be shared across the household. Mr. Argos noted the need to be creative in that the members of the household may not be limited to that of the nuclear family.

Mr. Argos highlighted the need of having another IF product for a different persona at a lower price point. Notably, this should not be complicated enough that it would be expensive to administer for a family unit. There must also be some form of automation to handle the family unit plans as previous experience has proven that handling the same manually was too expensive and cumbersome.

C. *Forecast 3*

Mr. Macapagat likewise reported Forecast 3. The net income for Forecast 3 was projected to figure at [redacted]. It was discussed that Quarter 3 reported the actual amount of [redacted] which was higher than Forecast 2. A chunk of such amount was attributed to the deferral of booking the BCG fees, which net of tax would result to [redacted]



It was discussed that there was a readjustment of the amount because the exchange rate based on the contract parameters of BCG was higher than anticipated. Hence, around was added for 2024, which includes that amount for 2025.

Further, there was a recalibration in the revenue forecast, hence, it was expected that there would be a drop in headcount for the last three months.

New business targets have also been realigned with expectations, but there had been a significant amount of what was expected for business. He explained that the ASO accounts do not produce the same revenue impact but produce a significant margin and net income. Thus, comparing on average an FR[17] and ASO[18] account in GCS include about 13% CM.

Mr. Argos noted that the risk must be considered in pricing. Climate risk must be factored in with a higher CM to account for the infectious disease risk which is difficult to predict. He mentioned that there must either be a higher CM or the same must be built into the actuarial estimation.

He also explained that Maxicare's price was at the same range compared to that of other top HMOs. Hence, in that cohort, Maxicare's pricing will still be competitive should its prices increase by 1%.

As to the accounts lost, an inquiry was raised by Mr. Gokongwei as to the reason for the transfers. Ms. Victoria cited transition issues which were normal in the industry but pointed out that the main ask of customers was to map the locations

[17] FR: Full Risk

[18] ASO: Administrative Services Only

for preferred clinics and hospitals as there were no models of PCCs back then. To address this, partnerships were being forged with clinics near the sites.

Mr. A. Go pointed out that the Corporation should not compete based on price or the business would die out eventually. He said that they have determine what makes them better than the others and then from there, they can invest in more machines and more automation so that their costs would be lower. Member Portal would also lead to a in savings. Mr. Argos mentioned that they will have to create a roadmap because even in the feature releases of Member Portal, they do not have the features required to do steerage. He clarified on the kind of LOAs that would be generated for the members such that on which tier these would be based on, factoring in location and place of work. He added that the prior features of Member Portal must be revisited (i.e. steerage) and make a conscious decision on how to rephase the releases.

Mr. A. Go emphasized the importance of PCCs in steerage and savings. Mr. Gokongwei remarked this enterprise business will be competitive for many years to come. He agreed with Mr. A. Go that there should be focus on the enterprise level to identify cost reduction areas. Mr. B. Go likewise agreed that the opportunity lies in bringing down the medical care cost, especially in diagnostic and out-patient services.

Mr. A. Go proposed to go to all the areas where Cebu Pacific flies and do a market evaluation on the profiles of potential clients. He said there is a need to take some risk and just do corrections along the way.

After some discussions on other healthcare provider experiences, Mr. Argos asked Mr. Jasper Hendrik Cheng ("Mr. Cheng") if there was still some conservatism in the Forecast 3. Mr. Cheng mentioned that they have already factored in some of the October spiking and hopefully this can be corrected and there may be some recovery.

Mr. B. Go asked if the forecasts are updated monthly or quarterly to which Mr. Cheng replied that these are updated quarterly but there are also forecasts for the particular month.

With this, Mr. Argos circled back and noted that there was still some conservatism with respect to the Forecast 3 report and said that Maxicare wants to be prudent as there were still some pending reconciliation matters with some providers.

A slide on the net income was then presented:

Forecast 3 Net Income lower by P346M vs Forecast 2; and lower by P453M vs Original Budget

(In Thousands)	FORECAST 3		FORECAST 2		VARIANCE		2024 BUDGET		VARIANCE	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE	26,825,994	100.00%	27,072,828	100.00%	(246,834)	-0.91%	28,015,005	100.00%	(1,189,011)	-4.24%
MEDICAL UTILIZATION COST	22,407,608	83.53%	21,958,760	81.11%	448,848	2.04%	22,465,490	80.19%	(57,882)	-0.26%
ESTIMATED INCURRED CLAIMS AMOUNT*	18,365,633	68.46%	17,777,047	65.66%	588,586	3.31%	17,362,533	61.98%	1,003,100	5.78%
RIDER COSTS	798,413	2.98%	844,387	3.12%	(45,974)	-5.44%	834,862	2.98%	(36,450)	-4.37%
PCC AND OTHER RELATED EXPENSES	3,243,562	12.09%	3,336,849	12.33%	(93,287)	-2.80%	4,268,095	15.24%	(1,024,532)	-24.00%
OTHER DIRECT COSTS	962,171	3.59%	963,458	3.56%	(1,287)	-0.13%	1,157,186	4.13%	(195,015)	-16.85%
CONTRIBUTION MARGIN	3,456,215	12.88%	4,150,610	15.33%	(694,395)	-16.73%	4,392,329	15.68%	(936,114)	-21.31%
OPERATING AND INDIRECT EXPENSES	4,161,930	15.51%	4,265,771	15.76%	(103,841)	-2.43%	4,215,405	15.05%	(53,476)	-1.27%
INCOME (LOSS) FROM OPERATIONS	(705,714)	-2.63%	(115,161)	-0.43%	(590,554)	512.81%	176,924	0.63%	(882,638)	-498.88%
OTHER INCOME, net	1,176,525	4.39%	1,055,880	3.90%	120,645	11.43%	913,368	3.26%	263,157	28.81%
INCOME (LOSS) BEFORE TAX	470,811	1.76%	940,720	3.47%	(469,909)	-49.95%	1,090,291	3.89%	(619,481)	-56.82%
PROVISION FOR INCOME TAX	106,421	0.40%	230,012	0.85%	(123,591)	-53.73%	272,573	0.97%	(166,152)	-60.96%
NET INCOME (LOSS)	364,390	1.36%	710,708	2.63%	(346,318)	-48.73%	817,718	2.92%	(453,329)	-55.44%

D. *Corporate Sales*

Ms. Victoria reported that the corporate sales for the months of January to September 2024 showed a 104.15% achievement for both new business and renewal and 20.81% growth on the contract values proposed compared to 2023. More than half of the same may be attributed to Metrobank, which was the 01 January loss.

The net loss shifted to Philcare which was previously Intellicare last July.

Maxicare

Corporate Sales Report: 2024 January to September

- Corporate Sales Performance
  - 104.15% achievement
  - 20.81% growth from 2023
- Corporate Gain & Loss
  - Highest Gain *Etiqa at 419 M*
  - Highest Loss *Intellicare at 726 M*
  - Highest Net Gain *Etiqa at 341 M*
  - Highest Net Loss *Philcare at 451 M*

	2024 Actual Performance (M)	2023 Actual Performance (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
NEW BUSINESS (NB)	1,235	1,411	-12.47%	-176	1,351	91.41%
RENEWAL BUSINESS (RB)						
RENEWED	21,443	17,360	23.52%	4,083	20,424	104.99%
DNR	3,046	2,777	9.69%	269		14.91%
TOTAL NB AND RB	22,678	18,771	20.81%	3,907	21,775	104.15%

The performance of New Business was still down at 91.41%, which was a 12% decline from last year's period, although Renewal Business was strong at 104.99% as there have been September critical renewals, particularly Accenture totaling to Php2 Billion out of the Php5 Billion.

The DNR[19] versus the total portfolio also declined from 16% last month which was now down to close to 15%, with a non-renewal of less than Php100 Million for the month September.

[19] DNR: Did Not Renew

As of September, there was still Php2 Billion left for renewal for November and December, and Php300 Million for New Business.

Mr. A. Go raised the need to identify how to reduce the internal cost such as through an automation solution.

Mr. Argos discussed that cost in terms of manpower will be reduced once implementation of the new portals, etc. will be made. As to the timeline, Mr. Argos explained that they may reduce cost by July to November next year, which would be the timing when accounts will be renewed. However, Mr. Argos explained that they will continue to explore from now until July if there is a way to accelerate the transition.

Ms. Go raised that while there was a renewal for BPI, there must be an assumption that the same was temporary. Ms. Victoria confirmed that they were closely monitoring the account and they intend to implement a monthly business review with BPI starting the second half of the year to identify whether they will transition in Quarter 4. Currently, no asks for rebid have been raised. A governance meeting will be held by November for the Quarter 3 report so there were no major concerns reported yet.

Ms. Go also raised that strategically, Medicard products tend to be standard box type products. She noted the need for evaluation of the edges where box type products do not meet the BPI requirements. Ms. Victoria explained that the BPI requirements were non-standard, so that capability to execute from the back-end may be difficult for Medicard.

Ms. Go discussed that the MIS platform for the accounts must be set up for this. Mr. Argos noted that the priority was the key accounts rather than General Corporate, but they would still see if they could accelerate those in General Corporate.

Ms. Victoria continued her presentation and reported that growth in performance for the New Business was at 33.19%. On the other hand, the membership fees for Renewal Business increased from Php13,542 last year to Php18, 875. The average per capita loss for the January to September DNRs was at Php10,577.

Maxicare

Corporate Sales Report: 2024 January to September Highlights

New Business Jan - Sep 2024			
Particular	**2024 Actual**	**2023 Actual**	**% Growth**
Number of New Accounts	186	132	40.91%
Number of New Members of New Accounts	64,672	98,421	-34.29%
Estimated Total Contract Value (TCV)	**1,235,758,533.13**	**1,411,951,243.48**	-12.48%
Estimated premium per capita	**19,108**	**14,346**	**33.19%**

Renewal Business Jan - Sep 2024			
Particular	**2024 Actual**	**2023 Actual**	**% Growth**
Number of Renewed Accounts	757	957	-20.90%
Number of Renewed Members	1,136,084	1,290,543	-11.97%
Estimated Total Contract Value (TCV)	**21,443,425,838.85**	**17,360,750,642.86**	23.52%
Estimated premium per capita	**18,875**	**13,452**	**40.31%**

DNR Jan - Sep 2024			
Particular	**2024 Actual**	**2023 Actual**	**% Growth**
Number of DNR Accounts	259	341	-24.05%
Number of DNR Members	288,015	246,721	16.74%
Estimated Total Contract Value (TCV)	**3,046,448,452.54**	**2,777,183,074.79**	9.70%
Estimated premium per capita	**10,577**	**11,256**	**-6.03%**

The breakdown of the full risk and ASO portions of the New Business and Renewal Business for January to September was presented as follows:

Per Funding Arrangement JAN - SEP

New Business Jan - Sep									
	FULL RISK			ASO			HYBRID		
Particular	**2024**	**2023**	**% Growth**	**2024**	**2023**	**% Growth**	**2024**	**2023**	**% Growth**
Count of Accounts	152	122	24.59%	13	2	550.00%	2	5	-60.00%
Number of New Members	31,186	54,629	-42.91%	20,567	241	8434.02%	4,491	18,393	-75.58%
Estimated Total Contract Value (TCV)	**614,529,971.25**	**790,141,969.76**	-22.23%	**480,153,316.38**	**4,060,263.86**	11725.67%	**144,341,245.50**	**599,641,908.86**	-75.93%
Estimated premium per capita	**19,705**	**14,464**	36.24%	**23,346**	**16,848**	38.57%	**32,140**	**32,602**	-1.42%

Renewal Business Jan - Sep									
	FULL RISK			ASO			HYBRID		
Particular	**2024**	**2023**	**% Growth**	**2024**	**2023**	**% Growth**	**2024**	**2023**	**% Growth**
Count of Renewed Accounts	652	778	-16.20%	83	84	-1.19%	22	19	15.79%
Number of Renewed Members	926,362	815,555	13.59%	119,522	173,863	-31.26%	105,030	90,883	15.57%
Estimated Total Contract Value (TCV)	**17,705,337,426.04**	15,659,667,369.61	13.06%	**1,289,106,230.27**	**1,515,575,542.58**	-14.94%	**2,454,234,366.41**	**1,643,148,624.13**	49.36%
Estimated premium per capita	**19,113**	**19,201**	-0.46%	**10,786**	**8,717**	23.73%	**23,367**	**18,080**	29.24%

Did Not Renew Jan - Sep									
	FULL RISK			ASO			HYBRID		
Particular	**2024**	**2023**	**% Growth**	**2024**	**2023**	**% Growth**	**2024**	**2023**	**% Growth**
Count of DNR Accounts	250	316	-20.89%	7	23	-69.57%	1	3	-66.67%
Number of DNR Members	178,097	188,757	-5.65%	61,377	27,737	121.28%	1,786	31,254	-94.29%
Estimated Total Contract Value (TCV)	**2,540,026,255.60**	**2,175,712,923.00**	16.74%	**398,558,728.54**	**254,602,722.86**	56.54%	**13,251,119.82**	**346,882,450.39**	-96.18%
Estimated premium per capita	**14,262**	**11,527**	23.73%	**6,494**	**9,179**	-29.26%	**7,419**	**11,099**	-33.15%

Majority of the accounts were still under full risk for New Business, though there had been an increase in the number of closed accounts under ASO from two last year to fifteen accounts this year.

Renewed accounts also declined compared to the same period last year, but head count of existing accounts grew by 13% YTD.

There was also a decline for the DNRs at 20% with a loss of 178,000 members under full risk, and 61,000 members under ASO.

The major accounts closed for the month of September, with TCV[20] of and above were mostly sourced from fresh accounts

Major Accounts Closed/Acquired
SEPTEMBER 2024

EFFECTIVE DATE	ACCOUNT NAME	2024 TCV WITHOUT VAT	Headcount	Previous Provider	CM	REASON FOR CLOSING
1-Sep-24		5,140,071	214		18%	
2-Sep-24		2,755,821	163		27%	
1-Sep-24		2,564,875	110		25%	
30-Sep-24		2,448,000	116		27%	
1-Sep-24		2,284,585	100		27%	
TOTAL		PHP 15,193,352.65	703			

Note: NB accounts Php2M and above.

The biggest for major accounts renewed were at 19% and 23%, increase respectively. The total portfolio of the two (2) accounts was already at

Major Accounts Renewed
SEPTEMBER 2024

EFFECTIVE DATE	ACCOUNT NAME	INCREASE	LR	CM	2024 TCV WITHOUT VAT	HEADCOUNT
09/01/2024		19.00%	107.15%	5.50%	3,004,956,895.00	184,069
09/06/2024		23.00%	101.00%	15.00%	1,027,799,932.00	48,839
09/30/2024		6.00%	67.00%	25.20%	63,908,086.00	2,249
09/15/2024		2.00%	77.70%	16.00%	47,397,981.25	1,737
09/01/2024		31.19%	94.10%	18.00%	22,705,823.74	573
09/01/2024		N/A	N/A	18.20%	20,847,294.00	207
09/01/2024		35.00%	93.40%	19.90%	20,523,164.58	832
09/01/2024		ASO	ASO	20.00%	16,089,420.00	1,270
09/19/2024		51.00%	91.00%	20.09%	14,729,646.07	505
09/26/2024		6.00%	78.10%	21.00%	14,208,521.81	1,312
09/08/2024		42.90%	111.00%	15.00%	11,960,807.00	798
09/16/2024		0.00%	64.20%	23.70%	11,862,860.52	530
09/17/2024		46.00%	90.40%	18.00%	11,743,017.00	414
09/01/2024		N/A	N/A	18.20%	11,009,074.00	94
09/05/2024		0.00%	69.00%	19.40%	10,755,033.00	559
09/01/2024		21.00%	90.20%	13.20%	10,246,292.00	319
	TOTAL				PHP 4,320,743,847.97	244,307

Payment of had also been secured, which was 75% of the TCV and paid after twenty-five (25) days upon effectivity.

The biggest account which did not renew in September 2024 was There was no official advice on the chosen provider, but they might transition to s well. The offer for was lower than the status quo, and a 12% increase was proposed.

[20] TCV: Total Contract Value

DNR (Did Not Renew) Accounts: SEPTEMBER

Effective Date	COMPANY NAME	Reason for non-renewal	Chosen Provider	Years with maxicare	LR	CM	INCREASE	2023 HEADCOUNT	2023 TCV WITHOUT VAT
1-Sep-23		High Renewal Increase			81.00%	16%	12%	858	PHP 20,731,343.60
11-Sep-23					83.00%	18%	20%	1,130	PHP 16,566,253.31
1-Sep-23					104.00%	15%	37%	1,063	PHP 16,298,887.57
26-Sep-23					73.00%	18%	44%	1,781	PHP 7,889,388.43
1-Sep-23					83.00%	15%	21%	185	PHP 6,755,894.64
1-Sep-23					98.00%	18%	44%	141	PHP 5,916,890.00
15-Sep-23					131.00%	16%	82%	551	PHP 5,244,778.29
15-Sep-23					80.00%	18%	14%	260	PHP 5,190,950.35
TOTAL								5,969	PHP 84,594,386.19

Ms. Victoria reported that both providers were giving quotations lower than the status quo benefit. She noted that they are closely monitoring the accounts which are given quotations by these two providers, the biggest of which is The offered rates to were lower than Maxicare's offer of 27% increase.

Mr. B. Go inquired whether they will undergo the "hard" and "soft" periods for insurance markets. Ms. Victoria reported that monitoring showed that they were in the same position against and last year. Currently, Maxicare is going against starting March when the latter proposed lower than existing rates to while Maxicare proposed a 20% to 30% increase because of high loss ratio.

Ms. Victoria likewise reported that they were receiving requests for quotation for accounts which have shifted in during the first quarter.

Ms. Victoria highlighted the biggest losses which were observed for

Gain - Loss Study (in Millions)
JAN - SEP 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 Total Contract Value	%
	16,360	6	419 M	4,521	11	78 M	11,839	-5	341 M	19.03%
	6,882	50	141 M	0	0	0 M	6,882	50	141 M	7.88%
	2,427	1	39 M	0	0	0 M	2,427	1	39 M	2.18%
	1,077	14	23 M	313	3	7 M	764	11	16 M	0.92%
	809	4	15 M	0	0	0 M	809	4	15 M	0.84%
	286	3	6 M	0	0	0 M	286	3	6 M	0.34%
	100	1	1 M	0	0	0 M	100	1	1 M	0.05%
	336	2	4 M	396	1	4 M	-60	1	0 M	0.02%
	0	0	0 M	79	1	2 M	-79	-1	-2 M	-0.11%
	0	0	0 M	674	2	3 M	-674	-2	-3 M	-0.15%
	144	1	2 M	492	7	5 M	-348	-6	-3 M	-0.18%
	0	0	0 M	367	1	4 M	-367	-1	-4 M	-0.21%
	0	0	0 M	293	1	4 M	-293	-1	-4 M	-0.22%
	0	0	0 M	1,612	1	7 M	-1,612	-1	-7 M	-0.41%
	0	0	0 M	518	3	8 M	-518	-3	-8 M	-0.43%
	0	0	0 M	874	11	15 M	-874	-11	-15 M	-0.83%
	0	0	0 M	978	1	20 M	-978	-1	-20 M	-1.12%
	1,249	2	16 M	6,826	2	66 M	-5,577	0	-49 M	-2.76%
	1,927	8	24 M	8,114	5	93 M	-6,187	3	-69 M	-3.87%
	147	2	3 M	6,715	10	131 M	-6,568	-8	-128 M	-7.15%
	8,445	31	160 M	18,129	23	328 M	-9,684	8	-168 M	-9.37%
	388	1	8 M	39,892	6	403 M	-39,504	-5	-395 M	-22.05%
	10,403	25	287 M	49,726	23	726 M	-39,323	2	-439 M	-24.49%
	4,679	11	79 M	36,564	33	529 M	-31,885	-22	-451 M	-25.14%
	466	4	10 M	39,808	114	596 M	-39,342	-110	-586 M	-32.71%
TOTAL	56,125	166	1236 M	216,891	259	3028 M	-160,766	-93	-1792 M	100.00%

Ms. Victoria explained that while was driven by the high loss in January, the new entrance in the list were

Mr. B. Go noted that massive losses were incurred due to

Corporate Gain & Loss JAN - SEP 2024

Highest Gain

EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Previous Provider	CM
1-Jan-24		380	13,909		3%
1-Jun-24		13	852		26%
25-Jan-24		11	1,010		25%
1-Feb-24		7	296		25%
15-Feb-24		3	244		25%
1-Aug-24		1	49		27%

Highest Net/Loss

EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Chosen Provider	LR
15-Aug-23		292	22,296		103.31% / 96.32%
23-Mar-23		68	3,146		85%
15-Aug-23		56	4,799		110%
16-Jun-22		18	1,026		82%
1-May-23		15	106		104%
1-Aug-23		6	185		83%
15-Apr-23		5	602		15%
23-Mar-23		5	525		15%
29-Jun-23		5	360		93%

Highest Loss

EFFECTIVE DATE	ACCOUNT NAME	TCV (M)	Headcount	Chosen Provider	LR
1-Jan-23		300	24,485		N/A
1-Jun-23		113	6,899		106%
1-Jun-23		97	5,797		95%
1-Jul-23		47	2,478		110%
1-Nov-23		35	1,613		95%
1-Feb-23		27	1,663		104%
1-Sep-23		16	1,063		104%
10-Dec-23		15	484		79%
18-Mar-23		15	1,376		99%
17-Jul-23		14	506		82%
1-Jul-22		7	718		83%
1-Dec-23		6	602		80%
1-Feb-23		5	216		146%

Ms. Go suggested to identify a breakdown of the regrettable and non-regrettable losses. Mr. Gokongwei agreed with this. Mss. Victoria responded that she would provide for the same.

Mr. Argos noted however that based on the abovementioned list, there seems to be no account that they could have kept even with an aggressive pricing and the Corporation would have just lost money.

Ms. Go likewise pointed out that those that are not regrettable losses that were priced unsustainably would come back.

Ms. Victoria reported that all losses will form part of the pipelines for 2025, which will be considered as targets for New Business.

Mr. Argos discussed that the cost to serve was higher than the membership fees collected of On the other hand, the costs for were sustainable given the membership fees charged based on the IC Report as of Quarter 3. Therefore, the question as to how does this remains.

E. *Consumer Sales*

For Consumer Sales, Ms. Uy reported that there has been an achievement of 96% vis-à-vis the target, or 15% growth.

Consumer Sales

Jan-Sept 2024 Consumer Sales: 96% Achievement vs. Target or 15% Growth

DEPARTMENT	JAN - SEP TARGET	JAN - SEP ACTUAL	VARIANCE	ACHIEVEMENT	JAN - SEP 2024 ACTUAL	JAN - SEP 2023 ACTUAL	VARIANCE	GROWTH
New Business	1,417M	1,200M	-217M	85%	1,200M	1,074M	126M	12%
Renewal Business	2,471M	2,536M	66M	103%	2,536M	2,172M	364M	17%
TOTAL	**3,887M**	**3,736M**	**-151M**	**96%**	**3,736M**	**3,246M**	**490M**	**15%**

SME Gain & Loss
- Highest Gain ***Fresh Accounts at 345M***
- Highest Loss ***None at 196M***
- Highest Net Gain ***Fresh Accounts at 345M***
- Highest Net Loss ***None at 196M***

Note:
- *June -Sept Target is less than EReady, Earedy Advance and Prima Silver Target*

The New Business was at Php1.2 Billion with 12% growth compared to last year. On the other hand, Renewal Business was at Php2.5 Billion with 17% growth vis-à-vis the previous year, and the target achievement was at 103%.

There has been consistency with regard to the monthly gain and loss performance. The fresh accounts were at Php345 Million, and the highest loss came from accounts with no healthcare coverage at Php196 Million.

Presented in the above graph are the month-on-month performance. September 2024 posted 102% in performance, which was expected to end at 105%.

The B2C[21] performance has reached the Php1 Billion mark at Php1.125 Billion versus the target and achievement was at 89% with 17% growth versus last year.

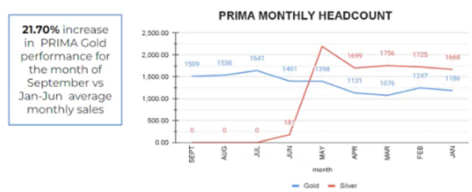
[21] B2C: Business-to-Customer

Consumer Sales

Growth per Product Type

	Target	Actual	% Achievement	2023	Growth
B2C	1,266M	1,125M	89%	964M	17%
B2B	2,608M	2,569M	99%	2,247M	14%

*Prima Silver, Eready and Eready Advance was discontinued June 1, 2024



CATEGORY	PRODUCT	2024 YTD SALES PERFORMANCE			
		TARGET	ACTUAL	VARIANCE	%
SME	MAXICARE PLUS - NB	572.7M	481.3M	-91.4M	84%
	MAXICARE PLUS - RB	1,808.0M	1,885.7M	77.7M	104%
	STARTER - NB	61.8M	44.2M	-17.6M	71%
	STARTER - RB	123.5M	127.8M	4.3M	103%
	MBE - NB	34.4M	10.0M	-24.3M	29%
	MBE - RB	7.2M	11.8M	4.5M	162%

Excom: October 23, 2024 B2B – Business-to-Business B2C – Business-to-Consumer YTD - Year-to-Date NB - New Business RB – Renewal Business MBE – Maxicare Business Essential 37

Ms. Uy reported that there were only two products that were on sale in the market: MyMaxicare and Prima Gold.

MyMaxicare's growth was at 12% whereas, Prima Gold also posted a 21.7% increase in terms of headcount last September versus the average monthly headcount of 1,200.

The B2B[22] performance was at 99% or Php2.5 Billion vis-à-vis the target of Php2.6 Billion. For B2B, the Renewal Business exceeded its target in respect of pricing and organic growth.

The following table showed the NCV[23], headcount and per capita cost for each product type for January to September 2024.

[22] B2B: Business-to-Business
[23] NCV: Net Contract Value

Consumer Sales

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

Based on YTD August + FTM September	2024 YTD (as of September)			2023 YTD (as of September)			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									
	579,355,097	28,539	20,300	475,623,085	26,203	18,151	21.81%	8.92%	11.84%
	26,765,186	28,587	936	18,008,264	33,617	536	48.63%	-14.96%	74.78%
	172,265,065	26,421	6,520	142,199,891	32,003	4,443	21.14%	-17.44%	46.74%
	116,965,901	27,256	4,291	94,897,392	35,515	2,672	23.26%	-23.25%	60.60%
SUBTOTAL	895,351,249	110,803	8,081	730,728,632	127,338	5,738	22.53%	-12.99%	40.81%
B2B - SME Boxed Type									
	2,135,435,809	167,116	12,778	1,824,543,757	164,211	11,111	17.04%	1.77%	15.00%
	136,516,125	12,083	11,298	111,820,959	11,148	10,031	22.08%	8.39%	12.64%
	13,339,923	3,253	4,101	3,030,107	1,538	1,970	340.25%	111.51%	108.15%
SUBTOTAL	2,285,291,857	182,452	12,525	1,939,394,823	176,897	10,963	17.84%	3.14%	14.25%
TOTAL :	3,180,643,106	293,255	10,846	2,670,123,455	304,235	8,777	19.12%	-3.61%	23.58%

Note: This is based on FBP Profitability Report YTD September 2024

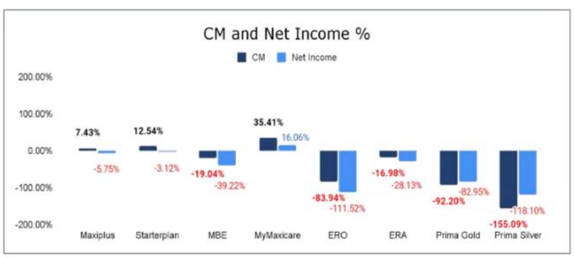
om: October 23, 2024 B2C - Business-to-Consumer B2B - Business-to-Business YTD - Year-to-Date FTM - For-the-Month NCV - Net Contract Value SME - Small and Medium-sized Enterprises 38

For B2C, the drop in headcount was attributed to the discontinuation of products

Mr. A. Go requested whether it was possible to show the profit of each of the products on a separate page. In response to this, the following slide was presented:

Consumer Sales

Consumer Profitability Report Sept 2024



- Maxicare Plus, Starter Plan and MyMaxicare posted a positive contribution margin
- Except for MyMaxicare all Boxed Type Products posted a negative profit margin

	Contrib Margin	Indirect Cost
	7%	16%
	13%	17%
	-19%	30%
	35%	16%
	-84%	54%
	-17%	22%
	-92%	14%
	-155%	15%

Initiatives:

- **June 1, 2024** - Stopped selling Prima Silver, Eready & Eready Advance
- **August 1, 2024** - Maxicare Plus repricing additional ***5% increase at 15% CM***
- **October 1, 2024** - Starter Plan repricing at ***15% increase at 25% CM***

xcom: October 23, 2024 CM - Contribution Margin TCV - Total Contract Value MBE - Maxicare Business Essential ERO - EReady ERA - EReady Advance 40

Mr. B. Go inquired whether the current SME version of the product being sold was profitable. Ms. Uy reported that the premium for Maxicare Plus was changed last 01 August, the effects of which were being assessed. However, since the effectivity of the accounts were spread across all months, it would be slow progress.

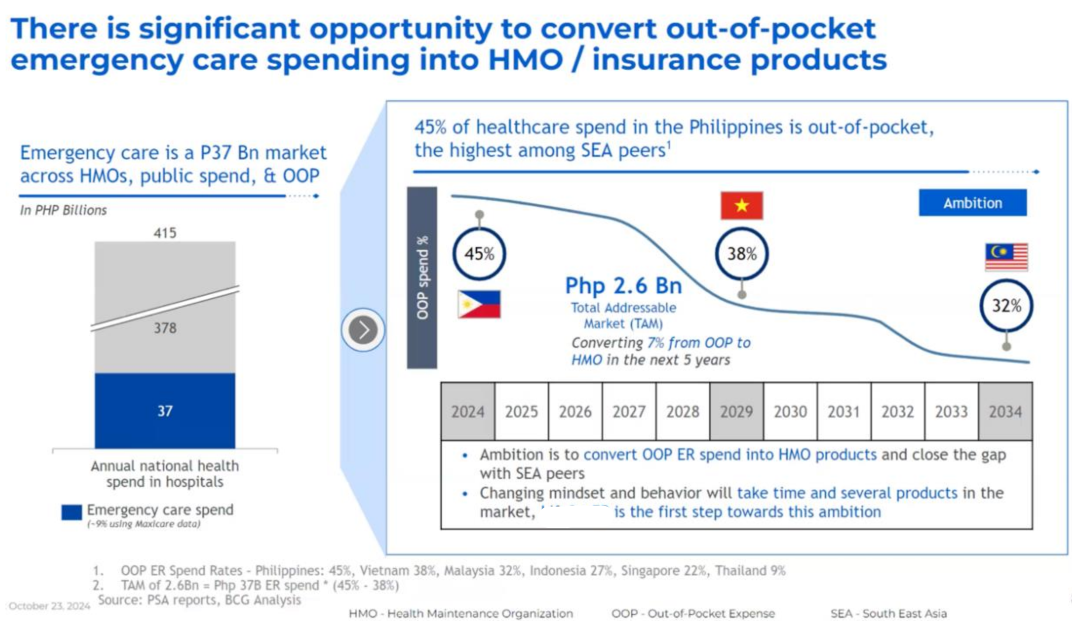
In response to Mr. Gokongwei's query, Mr. Argos explained that the new price was designed to make the product profitable from the current configuration. He likewise noted that the new membership fee could be measured immediately but qualified that because of the seasonality of the utilization, if profitability was measured during the dreaded months, the same would be difficult to determine.

Mr. Cheng added that the seasonality factor was built in the pricing but the question remained if this is the accurate seasonality factor based on the experience. Mr. Argos also mentioned that the enrollments for SME and IF have been spread throughout the year hence, the cohorts are different.

Action points raised were the matters regarding the reporting on PNL Format, and whether the new product design would be profitable.

F.

Mr. Raymond Hernandez ("Mr. Hernandez") reported on this OGSM update. He explained that the total hospital spending across all medical healthcare expenses represents . From that figure, the Maxicare market share was at around 9% based on the Maxicare data. This 9% figure is around of the national health spend in emergency care.



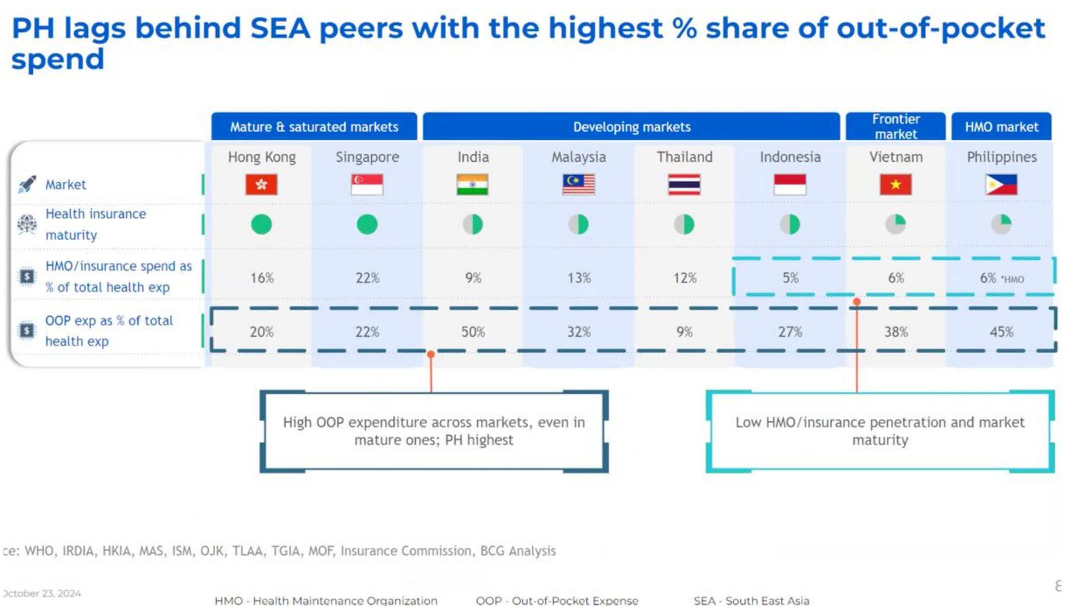
The performances versus other markets were likewise assessed, and the percentages encircled in the illustration above represents the percentages spent for out-of-pocket expenses for each of the markets.

Forty-five percent (45%) of healthcare spend in the Philippines was out-of-pocket, which was the highest among the SEA[24] peers. The nearest competitor was Vietnam at thirty-eight percent (38%).

The long-term goal was to reach Vietnam's level where thirty-eight percent (38%) of the healthcare spend was out-of-pocket. The objective over the period of five years was to convert seven percent (7%) from OOP[25] to HMO, which was around as the Total Addressable Market ("TAM").

This is intended to be a plan as this involves a changing mindset and behavior, and will therefore take time, along with several products for Mr. Hernandez noted that will be the initial product for this category.

The table below was further reported as the comparison of different markets in terms of HMO maturity:



Maturity was defined as having HMO and relevant products which people actually purchase. The Philippines was reported as mature by twenty-five percent (25%), similar to Vietnam. On the other hand, the Philippines has a similar percentage of spend with Indonesia at twenty-seven percent (27%). However, since Indonesia's OOP was smaller, they were qualified as a mid-mature market. The source of the information was statistics from different governments of the said countries.

As to Product Design, the product construct was presented as follows:

---

[24] SEA: South East Asia
[25] OOP: Out-Of-Pocket Expense

Product Construct

Price		
Coverage	One-time emergency product up to	One-time emergency product including confinement up to
Teleconsult	⊗	12 Teleconsults
Labs and Procedures	Laboratories and Procedures under Emergency Care only	Laboratories and Procedures under Emergency Care only
Other Benefits	Group Life with ADD&D (	Group Life with ADD&D (International Medical and Travel Insurance
Major Hospitals	✓	✓
Activation and Waiting Period	3 months activation period; 15 days waiting period	3 months activation period; 15 days waiting period
Age Eligibility	15 days to 65 years old	15 days to 65 years old
Inclusions	Not limited to: Dengue, Food poisoning, URTI, animal bite and accidents	Not limited to: Dengue, Food poisoning, URTI, animal bite and accidents

Excom: October 23, 2024 GL ADD&D – Group Life Accidental Death, Disablement, & Dismemberment URTI - Upper Respiratory Tract Infection 86

Mainly, the inclusions provided were dengue, food poisoning, URTI[26], animal bite and accidents. These products shall be marketed from the inclusion perspective, as opposed to an exclusion perspective. All of the inclusions correspond to eight out of ten of the top emergency cases of Maxicare, which represented fifty percent (50%) of the expense.

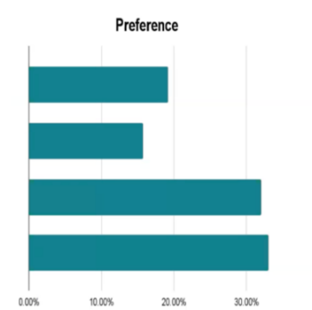
Presented as items for approval were: the name name and card design were proposed as the same clearly denoted the aims of the product, with the name being easier to pronounce as well, viz:

TESTING RESULTS

Brand design was proposed based on the following:

1. Clearly denotes what the product aims to provide, with the letters highlighted
2. Catchy and easier to say with syllables

200+ respondents prefer 2 potential brand options but easier to say



[26] URTI: Upper Respiratory Tract Infection

CARD DESIGN

Ms. Go inquired whether there was a waiting period for the product, which was confirmed to be at She further noted that KYC[27] was key for this product as it would be easy to pass the card to another product. Ms. Victoria explained that a registration process shall be set in place as KYC.

Mr. Argos highlighted that there must be a good biometric-based KYC mechanism for the product.

Ms. Go emphasized that the face must be captured at the point of sale or purchase. Mr. Argos explained that in the event that the face capture mechanism is used as a requirement, then physical locations for points of sale must be unlocked. The same must be application based, and not rooted in physical spaces. If the same would be device-based, it would be difficult as the customer may need to go to a physical location for that purpose, but Mr. Argos noted that they do not have such capability.

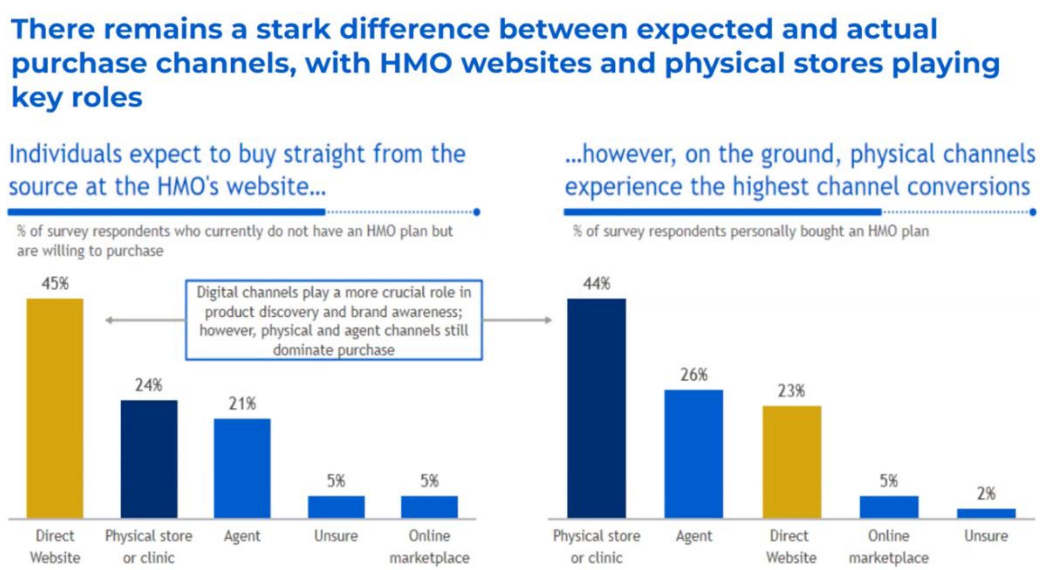
It was reported that the goal was not to have too many controls, and that the main safety feature of the product was that it would be one-time-use card.

The target market was the as the primary persona for this product. There may be adequate coverage in terms of medical emergencies which may result to financial vulnerability, which was consistent with the latest BCG research and findings.

[27] KYC: Know-Your-Customer

The demographics of the market cover the younger generation, mostly millennials, Gen Z ranging from twenty to forty-two years old.

Based on the BCG data, it was reported that there remained a stark difference between expected and actual purchase channels, with HMO websites and physical stores playing key roles.



The illustration on the left showed where individuals would expect and want to purchase HMO packages and products. Data showed that forty five percent (45%) preferred to purchase the products from a direct website.

On the other hand, the illustration on the right showed the actual purchase. Among those already purchased, the customers' actual experience was that the products were mostly purchased– first in the physical store clinic, second through the agent, and third in the direct website. This data was deemed to be important because it showed how the product could be sold moving forward.

From an industry perspective, this may be affected by two causes – lack of: (1) digital channels that actually sell the HMO products, and (2) agents.

In terms of go-to market, the proposed campaign was

CAMPAIGN HANDLE

The campaign will utilize the letter to make the product offering more significant and "hardworking".

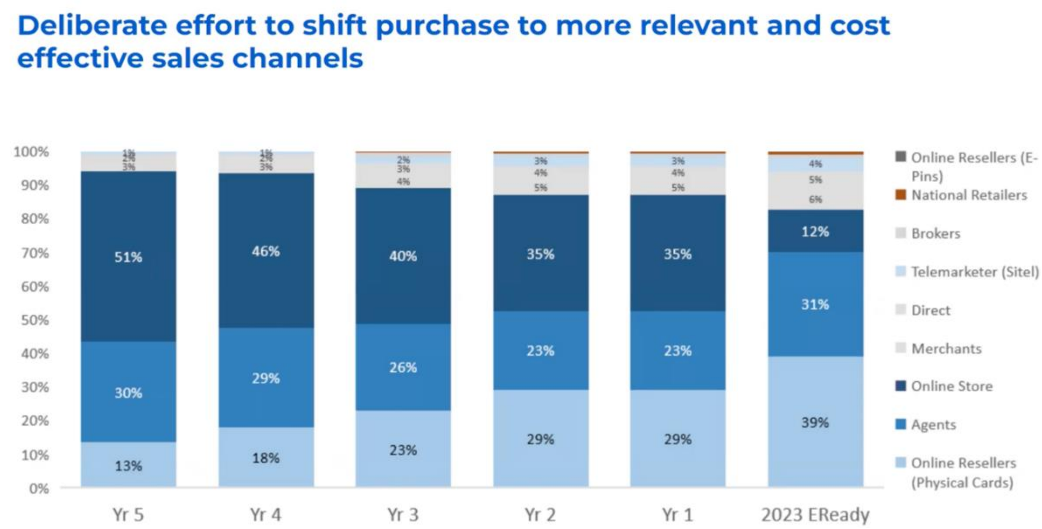
The campaign will utilize a approach supported by a customer journey-based conversion and agent tools.

The first segment will focus on a digital approach utilizing (not to the open market but to specific targeted markets previously identified). Those who were in were the second target markets, particularly, those with interest in healthcare, wellness, financial planning, etc.

There will be which will show how Maxicare would capitalize its corporate business, existing clients, and existing touch points to cross-sell and resell the product.

CUSTOMER JOURNEY BASED MARKETING

The approach was chosen because of the discussions in relation to the need to reduce costs. Mr. Hernandez likewise explained that over the five-year period shown in the table below, there will be a deliberate effort to shift purchases to more relevant and cost-effective sales channels, which was essentially



During the year 2023, when eReady was stopped, the sales from the online channel were only twelve percent (12%). When is launched, it will account for a third of the current total sales of

A question was raised on whether “online channels” pertained to platforms like It was confirmed that the Maxicare products were already ir but that the platform is classified as an online reseller. However, it was noted that Maxicare will be lowering its contribution in such kinds of platforms as these resellers have additional fees which Maxicare does not want to pay anymore. On the other hand, shall be used only as a communication channel, and not as a selling channel. Maxicare products were further reported to be available on

As to Financials, the goal for the total number of cards sold wa unit of cards in the first year with net revenue. The goal was also to address the fifteen percent (15%) OOP with a net income of around four percent (4.1%).

expected to ramp up after launch in Q1 2025, supported by channel optimization efforts to drive conversion of out-of-pocket spend

In terms of the Financials, any repricing has not yet taken into account medical inflation.

Mr. Hernandez then requested management for an initial budget to launch the said campaign. Specifically, the request was for the amount of for the Year 1 Go-to market budget to launch the campaigns and accelerate sales.

Mr. A. Go responded that he is fine with the budget, however, he inquired as to why the medical inflation figures were not incorporated in the reports. Mr. Argos explained that the years will give Maxicare the opportunity to use a higher or lower number. For the prices have been locked in. He mentioned that factoring had been made.

Mr. B. Go asked whether the card has an expiry date. Mr. Victoria responded that the card from the date of purchase. The card must be registered and activated within a period of otherwise, it will expire. But, if the card is activated, it shall expire after a period of with a waiting period. The benefits will start on the

G. *OGSM[28] Products Updates*

[28] OGSM: Objective, Goals, Strategies and Measures

Ms. Jenina Joy Malapitan ("Ms. Malapitan") reported that the overall OGS target by the end of the year was at was achieved, which was equivalent to 33.54% resulting to a variance of negative

Total OGSM Target Achievement at 33.54%

MAXIGROUP TOTAL	OGSM (As of October 18)	SPRINT 1	SPRINT 2	SPRINT 3	SPRINT 4	OGSM (As of Aug 22)
Description	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
No. of Accounts (Unique)	**2,937**	**2,618**	**12**	**1,660**	**8**	**2,258**
Corporate	29	20	7	1	1	24
Consumer	2,908	2,598	5	1,659	7	2,234
Headcount (Total)	**139,909**	**100,953**	**871**	**38,007**	**78**	**108,965**
Corporate	3,122	2,399	723	0	0	3,122
Consumer	136,787	98,554	148	38,007	78	105,843
Total Contract Value (net of VAT	**200,469,869**	**41,453,725**	**18,092,177**	**140,863,018**	**60,949**	**144,329,314**
Corporate	30,889,916	13,145,457	17,744,459	0	0	30,764,327
Consumer	169,579,953	28,308,268	347,718	140,863,018	60,949	113,564,987
CM%	**22.58%**	**22.98%**	**22.19%**	**20.00%**	**20.00%**	**22.23%**
Corporate	25.17%	25.96%	24.37%	0.00%	0.00%	24.46%
Consumer	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Revenue Estimates (Jul - Dec	**597,780,781**	**26,828,901**	**168,154,683**	**156,201,116**	**246,596,081**	**597,780,781**
Ach %	33.54%	154.51%	10.76%	90.18%	0.02%	24.14%

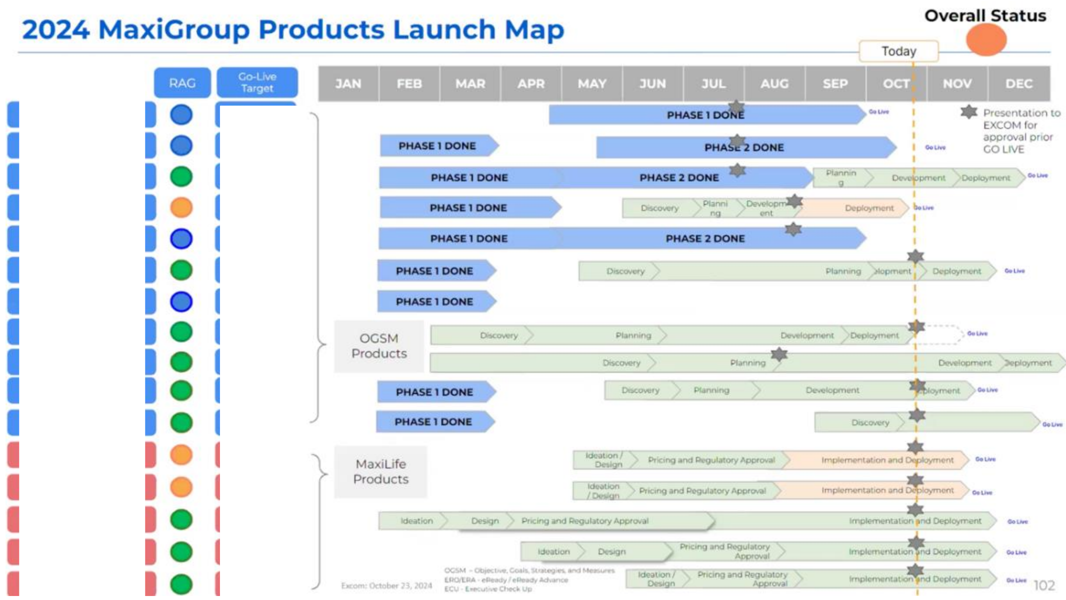
MAXIGROUP TOTAL	Comparative vs Aug 22: OGSM Total	Sprint 1	Sprint 2	Sprint 3	Sprint 4
No. of Accounts (Unique)	**30.07%**	**22.97%**	**33.33%**	**54.56%**	**33.33%**
Corporate	20.83%	11.11%	40.00%	0.00%	-
Consumer	30.17%	23.07%	25.00%	54.61%	16.67%
Headcount (Total)	**28.40%**	**21.14%**	**1.52%**	**53.88%**	**4.00%**
Corporate	0.00%	0.00%	0.00%	-	-
Consumer	29.24%	21.77%	9.63%	53.88%	4.00%
Total Contract Value (net of VAT	**38.90%**	**15.75%**	**0.09%**	**55.84%**	**21.96%**
Corporate	0.41%	0.96%	0.00%	-	-
Consumer	49.32%	24.20%	4.73%	55.84%	21.96%
CM%	**1.59%**	**-0.19%**	**3.79%**	**0.00%**	**0.00%**
Corporate	2.89%	-0.34%	7.12%	-	-
Consumer	0.00%	0.00%	0.00%	0.00%	0.00%
Revenue Estimates (Jul - Dec					
Ach %	**9.39 p.p**	**21.02 p.p**	**0.01 p.p**	**32.31 p.p**	**0 p.p**

- The **OGSM total contract value** (net of VAT) stands at **Php200.5M**, with a significant portion from the Consumer sector (**Php169.6M**).
- **Sprint 3** achieved the highest total contract value among the sprints at **Php140.9M**, driven entirely by the **Consumer sector.**
- **Sprint 3** achieved **32% increase** in total contract value, reflecting strong performance
- **Revenue** achievement **improved by 9.39 percentage points** in the latest period

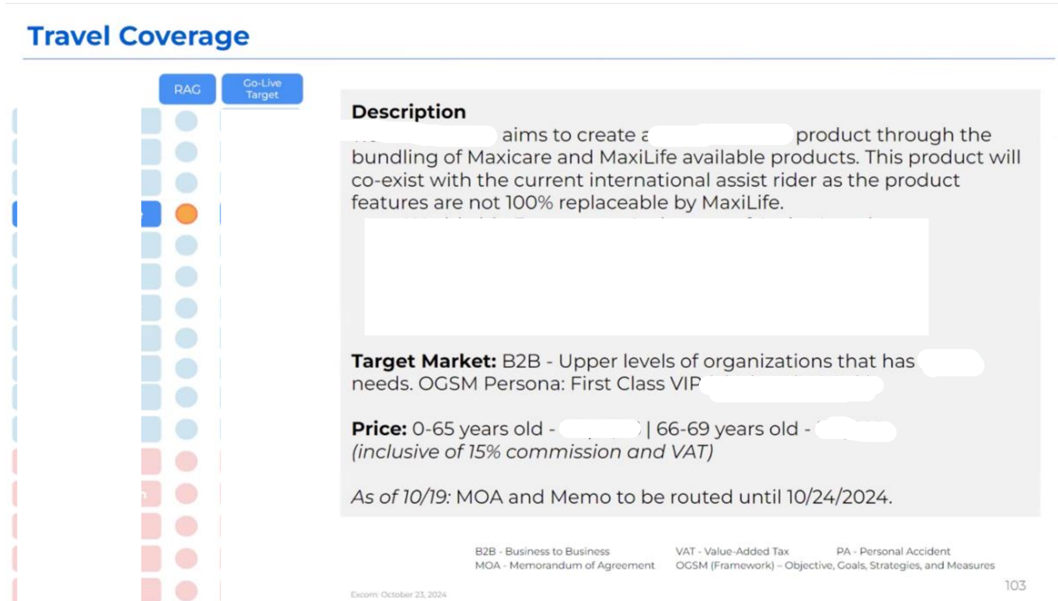
The biggest driver was the premium net worth under Sprint 3, which were upsell products of major hospitals. The three products under Sprint 1 were: dental, upset of products and additional units. The OGSM products were successfully offered in 2,937 accounts, which was equivalent to a 34% share of the B2B accounts.

Majority of the members belong to Sprint One, specifically the Dental Group. Revenue achievement increased by 9.39% in the latest period. CM was maintained to at least 20%, which was consistent across all sprints regardless of product type.

As to the overall status of the MaxiGroup Products, the OGS and Maxilife status were addressed. The three products: the Travel Coverage product and the two (2) Maxilife products were likewise discussed.

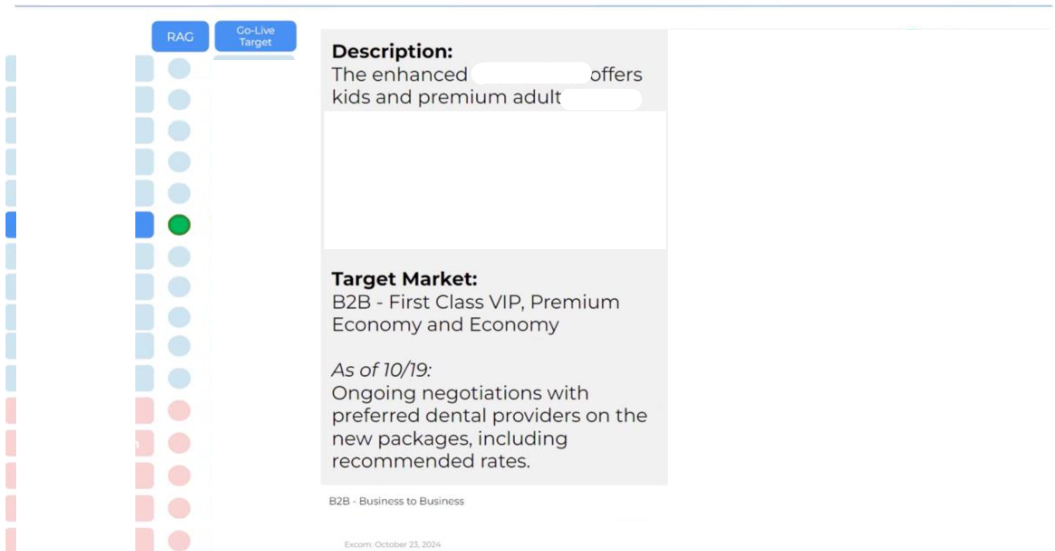


The , initially launch was set on October 14th, but there was a two-week delay. As of date, the memo was set for routing. Thereafter, the rider could be officially sold.



She explained that the design of the product was being offered to corporate accounts where worldwide emergency assistance was covered

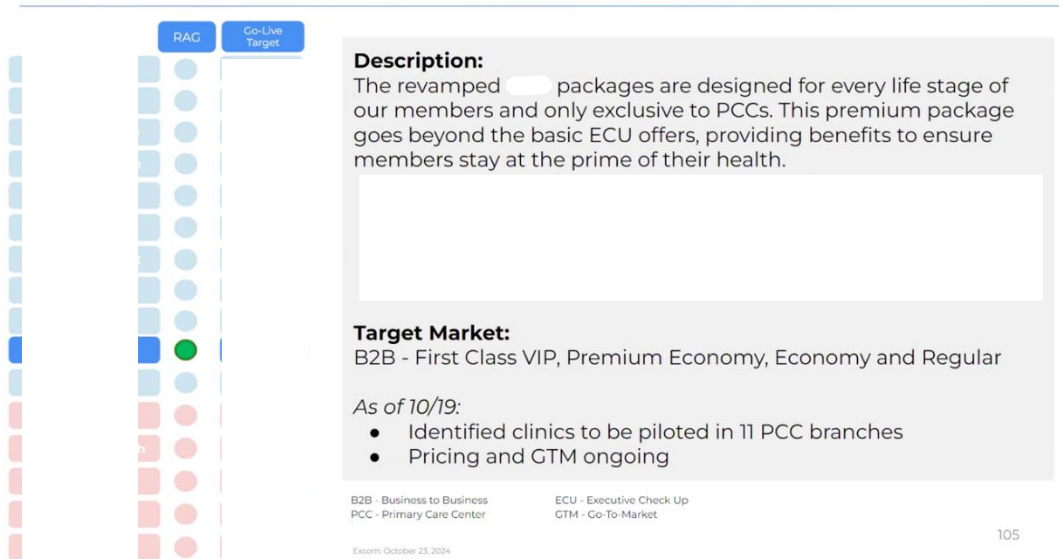
The second product, which was , will be offered by the end of



The enhanced coverage offers preventive care, and the like. There will be an introduction of three packages:

The Total Benefit Value was at 60% which was almost 100% higher as compared to the gross membership fee. Negotiations were still ongoing with preferred

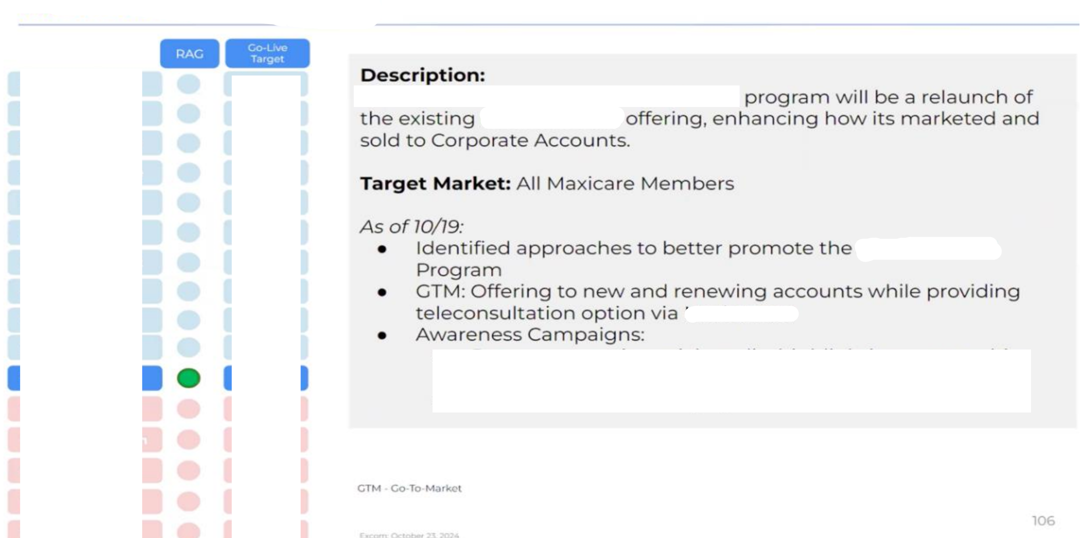
The third update referred to which was the same as . Three additional packages will be introduced, and the target launch for the offer to B2B accounts was by



The metrics that can be collected from the product would be of great value as the group prepares itself for 2025 with the objective of expanding aggressively to the B2C market.

Mr. B. Go inquired as to how the product will be sold. Ms. Malapitan explained that it would be on a B2B basis for the first phase. For 2025, it will be directed to the consumer (i.e., existing clients).

The last OGS is the relaunch of which will enhance how it is marketed and sold to corporate accounts. This will focus on strong branding awareness, promoting more in social media, other platforms, and the like.



H. *Items for Approval*

(i) *Maxicare Executive Floor Renovation*

Ms. Victoria requested from the Executive Committee approval to proceed with the renovation project as part of the administration plan.

She explained that there were three phases of the renovation plan and improvements for this year until 2025, but she is only requesting for budget for Phase 1.

For the remaining months of the year, the first phase would be the renovation of the executive floor.

Project Objectives:

Increase Space Utilization: By redesigning the office layout and upgrading the infrastructure, we aim to create a work environment that promotes faster collaboration, reduces distractions, and supports employee well-being. Overall, we aim to optimize the entire executive floor both in functionality and aesthetic branding.

Enhance Corporate Image: A renovated, modern office will reflect the company's branding and commitment to innovation, professionalism, and employee satisfaction, making a positive impression on both employees and visitors.

Scope of the Renovation

2024:

Phase 1 : Executive Floor

2025:

Phase 2: Maxicare Tower (ground to 7f)

Phase 3: ALGO Tower

Renovation Elements:

Physical	Aesthetic, Image and Branding (collaboration with Customer Team)
• Layout redesign and space optimization • Installation of new furnitures • Painting and wall treatments • Lighting and electrical upgrades • HVAC system enhancements • IT infrastructure upgrades (networking, servers, etc.)	• Standardization of look and feel • Lighting and Furniture and layout • Color palettes • Artworks and collaterals • Materials and textures

This would include the layout and design of the space, including optimization of the boardroom and meeting rooms for the eighth floor. This would include all the rooms for the executive leadership team, including the Chairman's room, and three meeting rooms on the 8th floor.

Phase 1 : Executive Floor Renovation

Scope: The renovation will cover the following:

- Renovation of the entire Executive Floor
- Floor area of the entire floor is at 544 sqm
- Renovation for the 5 rooms of the Maxicare VP's
- Transfer of the Customer Team to MaxiLife Office
- Waterproofing of the roofdeck in preparation for the EXO floor renovation

Timeline:

- Planning Phase : September 2024
- Approval Phase : October 22, 2024
- Execution Phase : November - December 2024(45 - 60 days renovation)

OFFICER	EXISTING	PROPOSED	RATIONALE
All Executive Offices	Executive Floor - old area	Executive Floor - new area	As directed
Maxicare Sales VP	Executive Floor	2/F Boardroom	Closer to her team
Maxicare Medical VP	Executive Floor	4/F(his old Office)	Availability of area / Closer to team (Doc JC/Norby)
Maxicare Marketing VP(R. Rillo)	Executive Floor	Robinsons Summit 22th floor	Closer to his team
Chief Audit Officer	Executive Floor	MPM 19th floor	OGSM

The Phase 2 of the renovation place will focus on the ground floor of the Maxicare tower up to the seventh floor.

The configuration of the rooms of the executive leadership team was presented as follows:

Ms. Victoria reported that there has been an available budget from 2024 for the waterproofing and renovation of other floors which will be put on hold. The executive floor renovation will cost On top of that amount would be the amount for roof deck waterproofing and renovation of three (3) rooms for the second (2nd), third (3rd) and fourth (4th) floors.

Request for Approval:

Approved Budget (Maxicare Tower)	Deductives from the 2024 budget	Additional cost of renovation	Additional Budget Requirement	Initial Budget needed to proceed with the Renovation
2024 Remaining Budget				
Total Cost of Executive Floor Renovation (Newcore Quotation)				
Addl Budget for Roof Deck waterproofing				
Cost for renovation of VP rooms				
Additional Budget to be requested				
Additional Budget needed to proceed				[redacted]

Approval to proceed with the following:

- Project scope for Phase 1, budget and timeline
- Temporary transfer of Executive Office to MaxiLife Office
  - duration of the renovation from Nov - Dec 2024
- To initially proceed with the project, we need an additional budget of [redacted]
- The **remaining balance of [redacted]** will be included in the 2025 CAPEX budget request

The total cost requested for approval by the Executive Committee was the amount P of which may be allocated for 2025.

Ms. Go asked for an amendment of the table to clarify the figures. Ms. Victoria committed to amending the above table to accurately reflect the total amount being requested.

Mr. A. Go instructed to just email the amendment.

(ii) *Maxicare Operating Cost Items (Forecast 3)*

The OPEX items requiring approval for Forecast 3 were reported to be mostly adjustments to items that were already existing, *to wit*:

OPEX items requiring approval for Forecast 3

Additions / Adjustments in amount -

Division	P&L Line Item	Particulars	Business Case	Amount
Executive Office	Operating Expenses	Consultancy (BCG)	Adjustment to previous estimates provided for Gate 5	
Finance	Operating Expenses	Others (Finance Outsource, and Admin Related,)	Additional temporary manpower for Finance Department for financial record cleanup in preparation for system migration to Oracle and 2024 Financial Audit and Increase in the rates of Drivers, Mailroom and Janitorial Services.	
			Total Additions / Adjustments	

Rephasing / Change in timing - (including of BCG Fees)
→ *Details in slides 173 to 175*
Reallocations / Change in expense type - (zero net impact to P&L)
→ *Details in slides 169 to 172*

This was approved.

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:

LANCE Y. GOKONGWEI

ANTONIO L. GO

BRIAN M. GO

ESTHER WILEEN S. GO

ROBERTO J. MACASAET, JR.

RENE J. BUENAVENTURA

MICHAEL P. LIWANAG