MAXICARE HEALTHCARE CORPORATION

MINUTES OF THE EXECUTIVE COMMITTEE MEETING

Boardroom, Maxicare Tower
203 Salcedo Street, Legaspi Village, Makati City[1]
22 January 2025, 8:00 AM

PRESENT:

LANCE Y. GOKONGWEI
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
BACH JOHANN SEBASTIAN
GULLY GO
GRACE AGLUBAT
JASPER HENDRIK CHENG
FIONA MARIE L. VICTORIA
JOSEPHINE LOPEZ
JOSE PASTOR Z. PUNO
JOE MERITTO P. BUOT
KURLEIGH GACUTAN
ELIZABETH GREGORIO
RAYMOND HERNANDEZ
JAY MAURICIO
ANTHONY PEREZ
JERRY PEREZ
PATRICIA LOPEZ
MARK MACAPAGAT
KAREN NINA ALMONTE
MIKE MANRIQUE
RACQUEL ADORABLE
IVAN LALUCIS
JENINA JOY MALAPITAN
LAURENZ DALANGIN
ERICA PUENTEVELLA
ATTY ANDREW FORNIER
ATTY. MARY ZOELLI R. VELASCO
MARIA ESTRELLA GARCIA
RIZ GAURAN
BOSTON CONSULTING GROUP

[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 Assistant Corporate Secretary, Atty. Mary Zoelli R. Velasco , ("Atty. Velasco") recorded the Minutes of the proceedings.

II. Certification of Quorum

The Assistant 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 27 November 2024.

IV. December Financial & Sales Performance

A. *Maxicare Financial Performance*

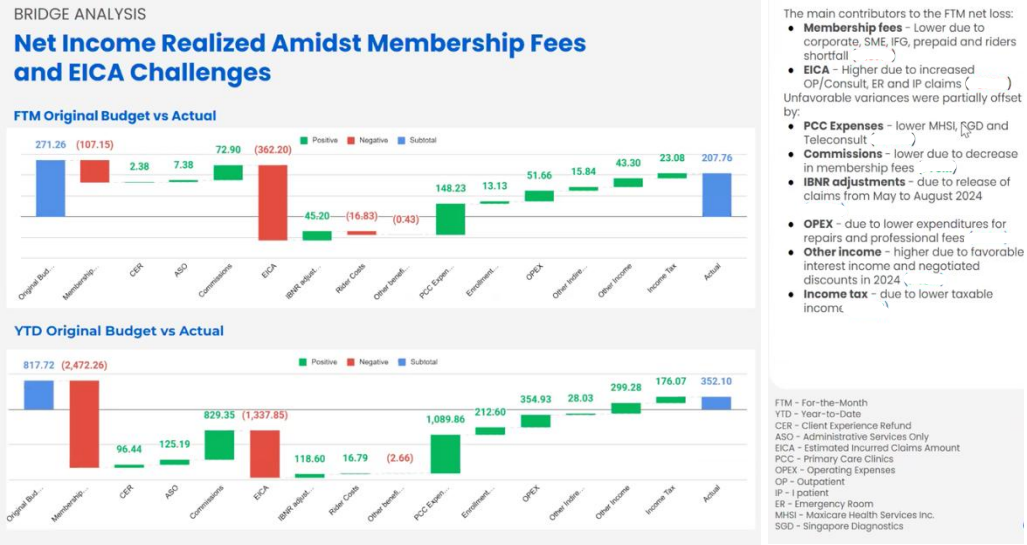
Mr. Jerry Perez ("Mr. Perez") reported on Maxicare's Financial Performance as of 31 December 2024, as follows:

The net loss FTM[2] was reported to beat Php207.76 Million, and the net loss YTD[3] was reported at Php352.10 Million.

The performance was still below the budget set by the Corporation, and net revenues continued to lag behind the budget.

MUC[4] continued to be higher vis-à-vis the budget because of the higher EICA[5], and was mitigated by savings on teleconsult services. On the other hand, OPEX[6] was reported to be below the budget despite the BCG fees. The reported amounts were unaudited and were still to be subjected to financial audit by the external auditor.

The bridge analysis was reported as follows:



The target was Php271.16 Million in the original budget, but the actual amount ended at Php207.76 Million which was lower by Php63.5 Million. The main contributors to the loss were lower membership fees and higher EICA, the latter was driven heavily by the increased OP/Consult, ER and IP claims. Nonetheless, the other items offset and/or mitigated this increase.

For the year, the actual amount was at Php352.10 Million which fell short compared to the original budget which was at Php817.72 Million. The reason was due to the same items previously noted, which were: (1) lower memberships fees, and (2) higher EICA.

Glossary
[2] FTM: For-The-Month
[3] YTD: Year-To-Date
[4] MUC: Medical Utilization Cost
[5] EICA: Estimated Incurred Claims Amount
[6] OPEX: Operating Expenses

Mr. Gokongwei noted that there were issues with membership fees due to competition and inquired as to why EICA and PCC[7] exceeded the budget. He asked if it was because the transition from EICA to PCC was below the expected budget. Mr. Christian Argos ("Mr. Argos") explained that the PCC expense was actually lower than expected because of delayed opening. Mr. Gokongwei further inquired whether said risk was managed for the coming year.

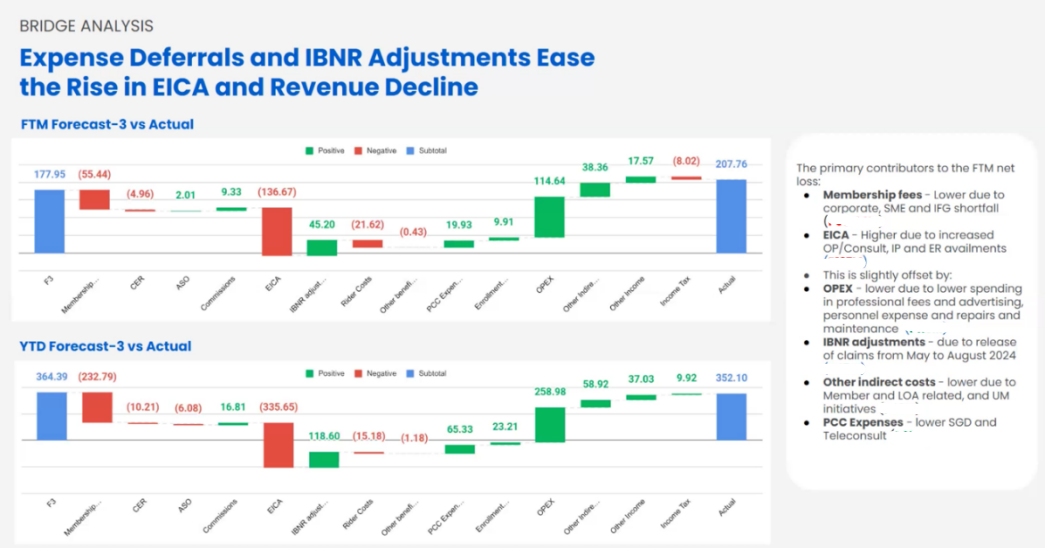
Mr. Argos discussed that there were several risks to be addressed (i.e., site selection, site readiness and FDA approvals). For each of these risks, he noted that there were improvements in place to manage each risk, but the risk was not expected to be completely eliminated due to delays. Mr. Argos further reported that the biggest delay was the lag in procuring the FDA approval for the X-Rays. He noted, however, that said approvals have recently been procured for almost all of the clinics.

Mr. Roberto M. Macasaet ("Mr. Macasaet") raised that the loss of members was surprising considering that in the history of Maxicare, the goal was to always to reach at least 2 Million. Thus, the need to figure out a way to recover from the loss was emphasized. He noted that factors such as competition and medical inflation were considered, but there must be creative ways to retain and/or get more members onboard because the members drive everything for Maxicare.

Mr. Argos discussed that there were two (2) or three (3) very aggressive competitors as far as pricing was concerned, and they have been undercutting Maxicare by . As reported earlier, the OPEX ratio was at 11.8%. Thus, even if the EICA portion was not attacked, the price expectations of the market will never be reached. Thus, there should be more efficiency in terms of the value price per product. A change in the way the members were served, and how the EICA was managed, must be made. There should likewise be more self-service and more automation. All these should be geared towards controlling cost through steerage and building the B2C[8] portfolio.

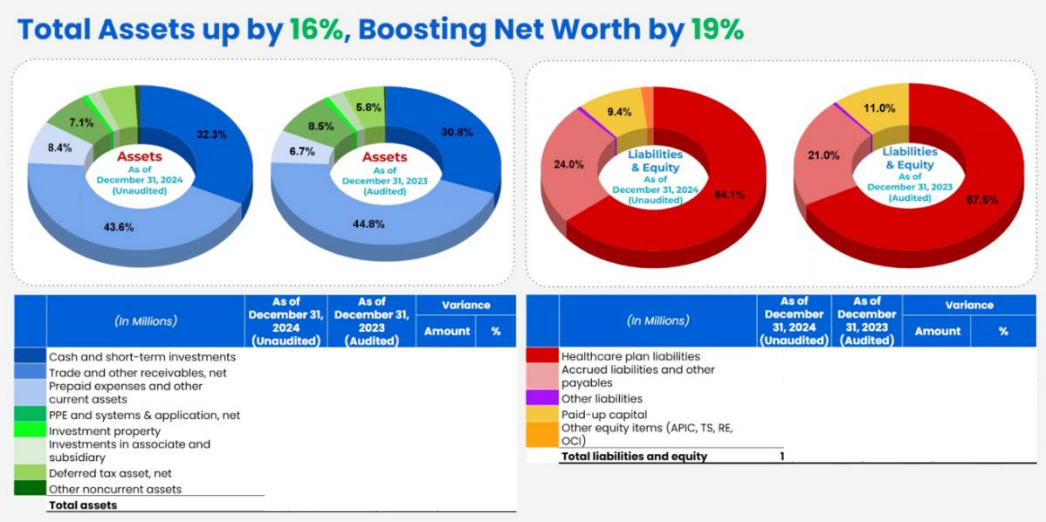
Mr. Perez reported that expense deferrals and IBNR[9] adjustments eased the rise in EICA and revenue decline. The target F3[10] was at Php177.95 Million, but the actual was at Php207.76 Million. For YTD[11], the actual, which was at Php352.10 Million was slightly below the F3, which was at Php364.39 Million. Same as before, the primary contributors to the FTM net loss were due to lower membership fees and higher EICA. He presented the slide on this as follows:

[7] PCC: Primary Care Clinic
[8] B2C: Business-to-Customer
[9] IBNR: Incurred But Not yet Reported
[10] F3: Forecast 3
[11] YTD: Year To Date



The YTD was compared with the prior year. It was noted that the net income was at Php352.10 Million, which was a significant improvement from the net cost of Php754.45 Million. This was driven by strategic initiatives on the pricing discipline and operational efficiency. Earned membership fees increased by Php2.97 Million, which was a notable growth across various corporate accounts, SMEs, and IFG. Other positive contributions include higher "Other Income" and reduced commission expenses. A rise in OPEX had also been noted, which was driven by professional fees such as those paid to BCG.

December 2024 Income Statement - YTD (In Thousands)	December 2024 ACTUAL		December 2024 ORIGINAL BUDGET		VARIANCE		December 2024 Forecast-3		VARIANCE		December 2023 ACTUAL		VARIANCE	
	AMOUNT (A)	%	AMOUNT (B)	%	AMOUNT C=A-B	% D=C/B	AMOUNT (E)	%	AMOUNT F=A-E	% G=F/E	AMOUNT (H)	%	AMOUNT I=A-H	% J=I/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)														



Mr. Perez discussed that income tax was an expense but will be offset by deferred tax assets.

As to assets, Mr. Perez reported that Maxicare had grown by 15.92% at . . The increase was sourced from cash and cash equivalents, trade and other receivables.

For short-term investments, while a decrease was recorded, an increase of was still noted. For trade receivables, was attributable to MHSI[12] as money was lent to them.

[12] MHSI: MaxiHealth Services, Inc.

On the other hand, liabilities rose by Php2.34 Billion due to a Php1.19 Billion increase in membership fee reserves and Php1. 19 Billion in accrued liabilities and other payables.

The membership fee reserves represent the unearned premium portion which will be earned on the succeeding months. The accrued liabilities and other payables were mainly due to government statutory payments such as Value Added Taxes, Withholding Taxes, SSS Contributions, expense accruals, etc. Net Worth also increased by Php352 Million, which was mostly from net income.

An improvement in the net cash flow was also reported, since the figures were previously at negative Php322 Million. Now, the net cash flow increased by Php2.1 Million, which was partly due to short-term investments. The net cash provided by operative activities was at php873 Million, which represent the collections vis-à-vis disbursements. These have shown improvement by 91% in the collection, compared to last year.

Cash Flows Boosted by Operating and Investing Activities: P873M from Operations, P1.29B from Investments

Back to BS

Statement of Cash Flows (In Thousands)	December 31, 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)	December 31, 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		

The key metrics were reported as follows:

Compliance with Regulatory Ratios Maintained; Key Metrics Missed as Net Income Lags Budget

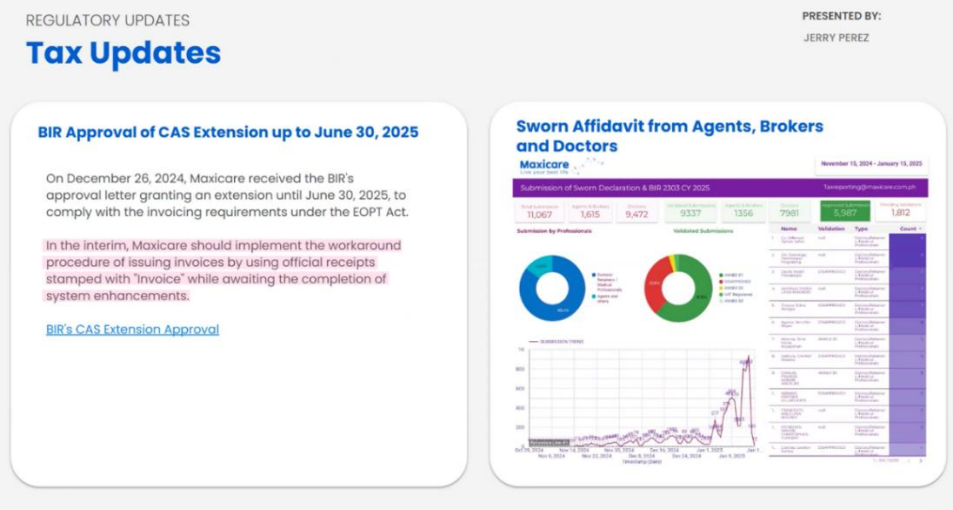
Key Performance Ratios YEAR-TO-DATE	December 31, 2024 UNAUDITED	December 31, 2024 ORIGINAL BUDGET	December 31, 2024 FORECAST-3	December 31, 2023 AUDITED
NET INCOME/(LOSS) RATIO	1.32%	2.92%	1.36%	-3.23%
MEDICAL UTILIZATION COST RATIO	84.91%	80.19%	83.55%	93.85%
UTILIZATION DISCOUNT	3.25%	2.75%	3.21%	3.62%
RETURN ON AVERAGE ASSETS	1.93%	4.69%	1.99%	-4.60%
RETURN ON AVERAGE EQUITY	17.37%	46.64%	18.11%	-43.27%
DEBT-TO-EQUITY RATIO*	3.06	2.53	3.12	3.02
ACID TEST RATIO	0.9562	0.9840	0.9471	0.9284
BOOK VALUE PER SHARE	137.44	133.28	134.43	101.70
NET WORTH	2.20B	2.16B	2.17B	1.85B

- Key Performance Indicators (KPIs) Affected by Year-to-Date Net Income Decline
- Acid Test Ratio significantly surpasses 0.90 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*

In the table above, the key metrics in red pertain to budget that was missed. However, Mr. Perez reported that the figures were an improvement from the previous year's audited results.

On tax updates, Mr. Perez reported that Maxicare received the BIR's approval letter granting an extension until 30 June 2025 to comply with the invoicing requirements under the EOPT Act. In the interim, Maxicare should implement the workaround procedure of issuing invoices by using official receipts stamped with "Invoice" while awaiting the completion of system enhancements.

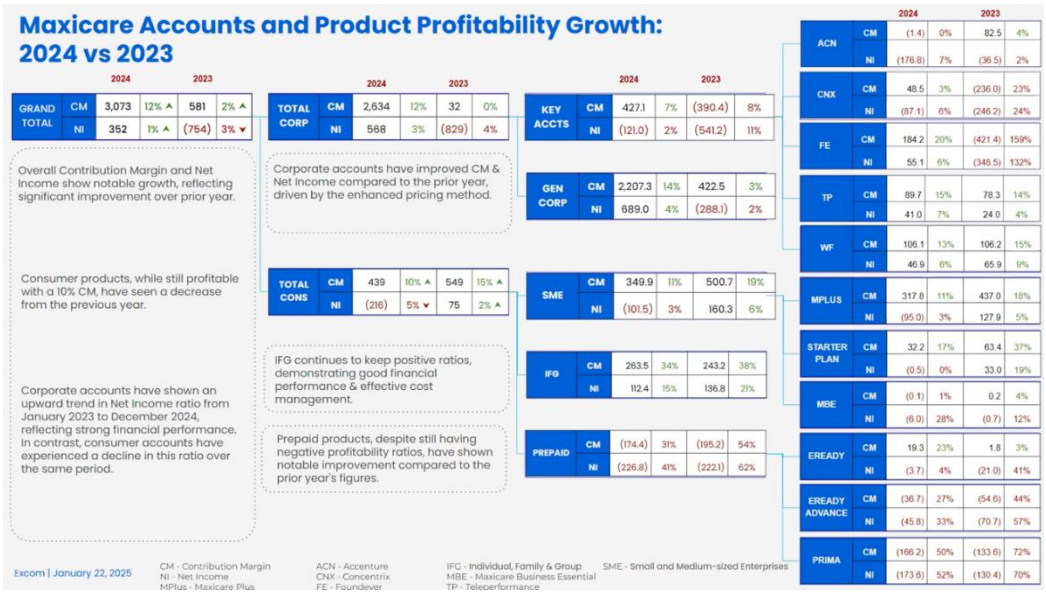


As to regulatory updates regarding the Insurance Commission, an examination was conducted which yielded to a finding of Php400 Million of alleged unaccounted assets. Mr. Perez reported that the reply to this audit was planned to be sent out by January 22, 2025. He explained that the issues tackled were mostly about the accounting treatment on membership fees, which was refuted by Maxicare to be Value Added Tax ("VAT") as the membership fees were recorded in their books as VAT liabilities.

Mr. Gokongwei inquired whether the CREATE MORE Act has a positive impact for Maxicare. Mr. Perez reported that the clients would be benefitted by it. He explained that the administrative personnel were not included as part of the VAT-Zero Rating because of the CREATE MORE and that an amendment was made from "direct and exclusive" to "directly attributable", wherein the incidental employees would be included. Mr. Perez noted the BIR has yet to issue the implementing rules and regulations on this new act but Maxicare has been proactive in incorporating the new rules in its accounting processes.

B. Profitability Report

Mr. Mark Macapagat ("Mr. Macapagat") started the report by presenting the following table on the profitability for the month:



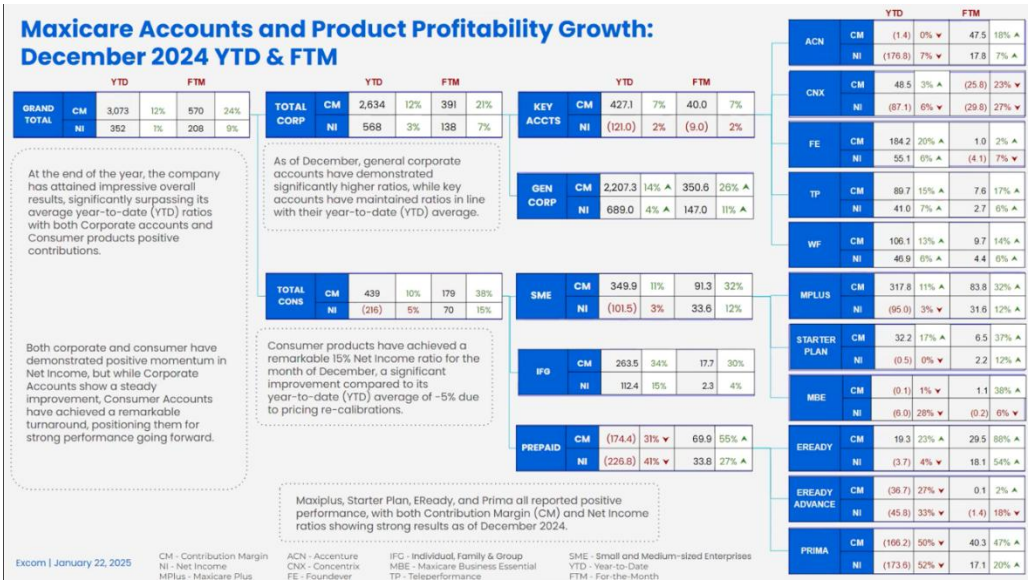
He reported that profitability had improved greatly over the last month.

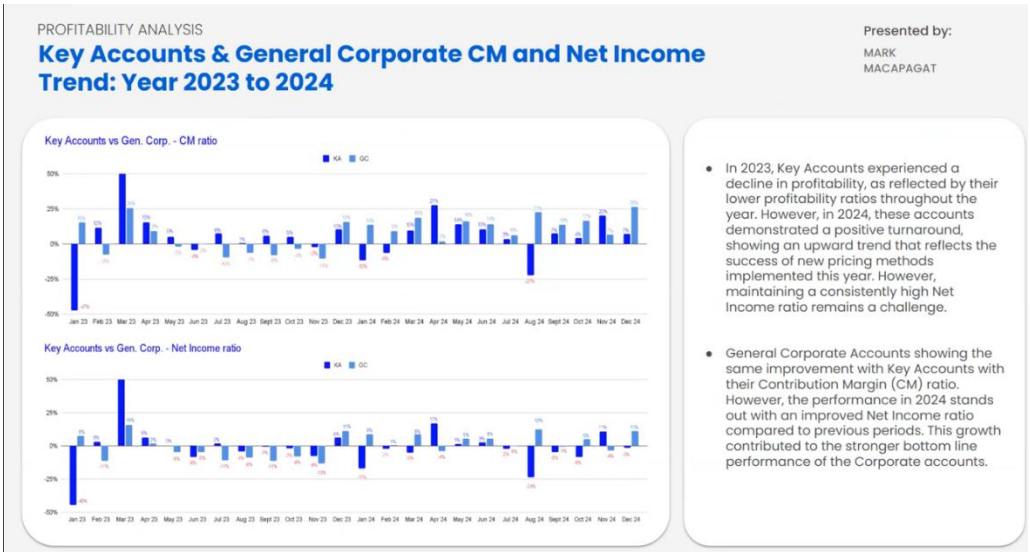
The overall CM[13] improved from 2% in 2023 to 12% in 2024 while net income improved from negative 3% to positive 1%. There was a short fall in the budget, but there was still a 4% turnaround from last year. Corporate accounts have shown big improvement, including both key and general accounts.

Improvement in the net income was also reported, which should be able to carry more of the portion of the fixed cost supposed to be allocated to it. The same had gone up from negative 4% to positive 3%. The consumer or box type products have declined altogether from 15% overall CM to 10% on a full year basis. There was also a corresponding decline in the net income ratio.

Mr. Antonio L. Go ("Mr. A. Go") instructed that these metrics should likewise be analyzed in comparison with the rate of PCC expansion.

[13] CM: Contribution Margin



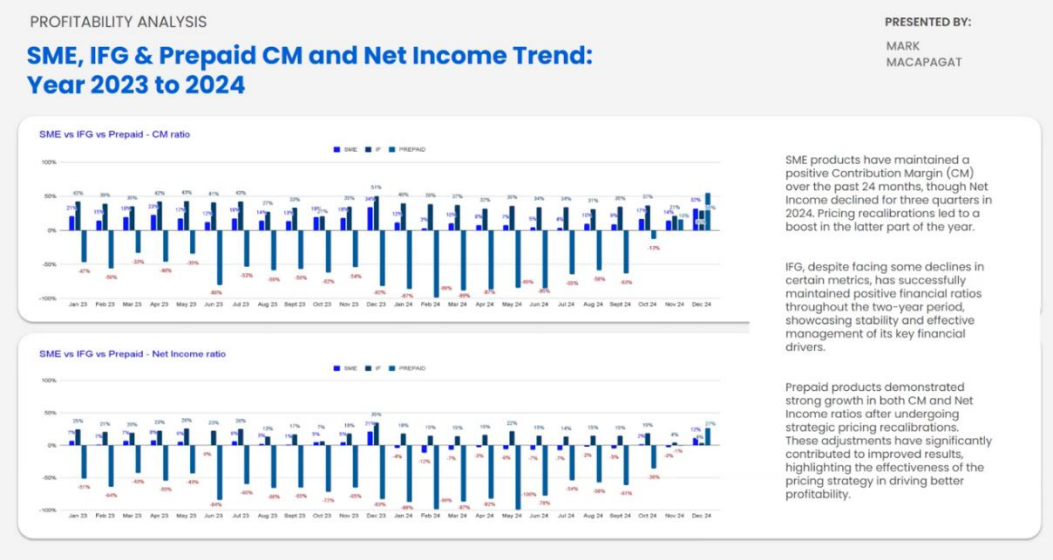


In 2023, Key Accounts experienced a decline in profitability, as reflected by their lower profitability ratios throughout the year. However, in 2024, these accounts demonstrated a positive turnaround, showing an upward trend that reflected the success of new pricing methods implemented. However, maintaining a consistently high net income ratio remained to be a challenge.

General Corporate Accounts showed the same improvement with Key Accounts with their CM ratio. However, the 2024 performance stood out with an improved net income ratio compared to previous periods. This growth contributed to the stronger bottom-line performance of the corporate accounts.

Mr. Gokongwei asked why the figure for August 2024 was so low at negative 22%. Mr. Macapagat explained that the figure was due to a booking that was reversed.

Noting that the figures for January usually plunges as compared to figures for December, Mr. Macapagat explained that the timing issues in the way that data entered the system also contribute to such erratic results.



SME products have maintained a positive CM over the past 24 months, though Net Income declined for three quarters in 2024. Pricing recalibrations led to a boost in the latter part of the year.

IFG, despite facing some declines in certain metrics, had successfully maintained positive financial ratios throughout the two-year period, showcasing stability and effective management of its key financial drivers.

Prepaid products demonstrated strong growth in both CM and Net Income ratios after undergoing strategic pricing recalibrations. These adjustments have significantly contributed to improved results highlighting the effectiveness of the pricing strategy in driving better profitability.

On the box type side, Mr. Macapagat reported that the bar that goes below the line in the above presented table was for prepaid. Over the last twenty-four (24) months, the bar has always been below line for CM. Notably, however, the bar picked up by Q3[14] when the call was made to cut down some of the products that were seen as not very profitable, while some products have also been repriced. For IFG[15], the figures were relatively stable all throughout.

Mr. Macapagat was hopeful that this trend will continue to 2025.

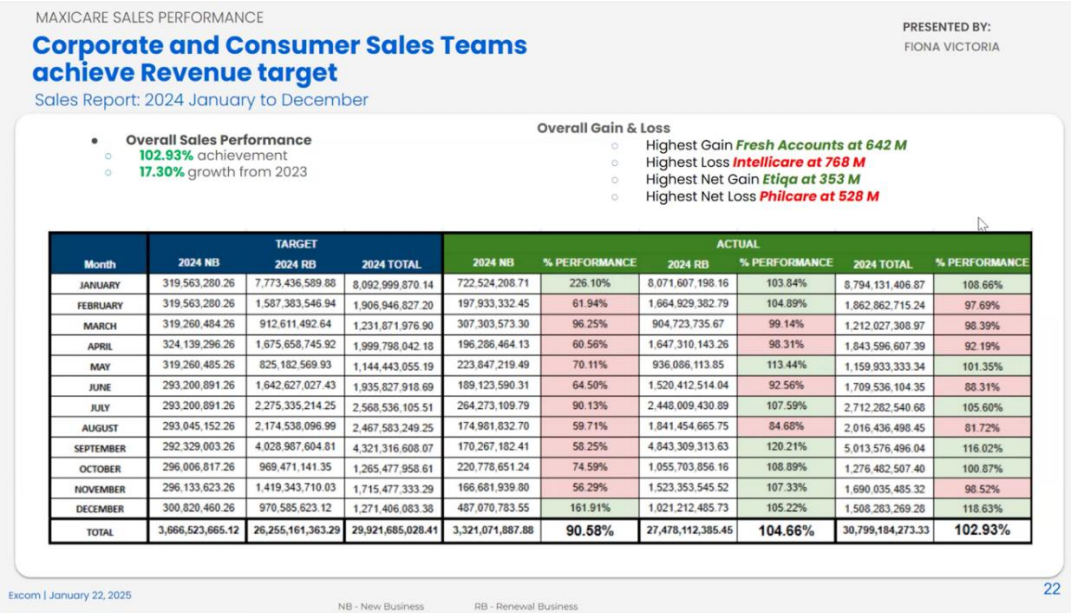
Mr. Gokongwei asked what drove the profitability of Prima. Mr. Macapagat explained that it was due to stopping the selling of EReady products without launching a new

[14] Q3: Quarter 3
[15] IFG: Individual, Family & Group

product. Mr. Argos further explained that the prices of the leftover products were increased. Mr. A. Go emphasized the need to assess the cost of the product and how automation can be incorporated.

C. Sales Deep Dive

The full year report on the sales channels were reported by Ms. Fiona Victoria ("Ms. Victoria") as follows:



MAXICARE SALES PERFORMANCE

Corporate and Consumer Sales Teams achieve Revenue target

Sales Report: 2024 January to December

PRESENTED BY:
FIONA VICTORIA

- **Overall Sales Performance**
  - **102.93%** achievement
  - **17.30%** growth from 2023

Overall Gain & Loss

- Highest Gain ***Fresh Accounts at 642 M***
- Highest Loss ***Intellicare at 768 M***
- Highest Net Gain ***Etiqa at 353 M***
- Highest Net Loss ***Philcare at 528 M***

Month	TARGET			ACTUAL					
	2024 NB	2024 RB	2024 TOTAL	2024 NB	% PERFORMANCE	2024 RB	% PERFORMANCE	2024 TOTAL	% PERFORMANCE
JANUARY	319,563,280.26	7,773,436,589.88	8,092,999,870.14	722,524,208.71	226.10%	8,071,607,198.16	103.84%	8,794,131,406.87	108.66%
FEBRUARY	319,563,280.26	1,587,383,546.94	1,906,946,827.20	197,933,332.45	61.94%	1,664,929,382.79	104.89%	1,862,862,715.24	97.69%
MARCH	319,260,484.26	912,611,492.64	1,231,871,976.90	307,303,573.30	96.25%	904,723,735.67	99.14%	1,212,027,308.97	98.39%
APRIL	324,139,296.26	1,675,658,745.92	1,999,798,042.18	196,286,464.13	60.56%	1,647,310,143.26	98.31%	1,843,596,607.39	92.19%
MAY	319,260,485.26	825,182,569.93	1,144,443,055.19	223,847,219.49	70.11%	936,086,113.85	113.44%	1,159,933,333.34	101.35%
JUNE	293,200,891.26	1,642,627,027.43	1,935,827,918.69	189,123,590.31	64.50%	1,520,412,514.04	92.56%	1,709,536,104.35	88.31%
JULY	293,200,891.26	2,275,335,214.25	2,568,536,105.51	264,273,109.79	90.13%	2,448,009,430.89	107.59%	2,712,282,540.68	105.60%
AUGUST	293,045,152.26	2,174,538,096.99	2,467,583,249.25	174,981,832.70	59.71%	1,841,454,665.75	84.68%	2,016,436,498.45	81.72%
SEPTEMBER	292,329,003.26	4,028,987,604.81	4,321,316,608.07	170,267,182.41	58.25%	4,843,309,313.63	120.21%	5,013,576,496.04	116.02%
OCTOBER	296,006,817.26	969,471,141.35	1,265,477,958.61	220,778,651.24	74.59%	1,055,703,856.16	108.89%	1,276,482,507.40	100.87%
NOVEMBER	296,133,623.26	1,419,343,710.03	1,715,477,333.29	166,681,939.80	56.29%	1,523,353,545.52	107.33%	1,690,035,485.32	98.52%
DECEMBER	300,820,460.26	970,585,623.12	1,271,406,083.38	487,070,783.55	161.91%	1,021,212,485.73	105.22%	1,508,283,269.28	118.63%
TOTAL	3,666,523,665.12	26,255,161,363.29	29,921,685,028.41	3,321,071,887.88	90.58%	27,478,112,385.45	104.66%	30,799,184,273.33	102.93%

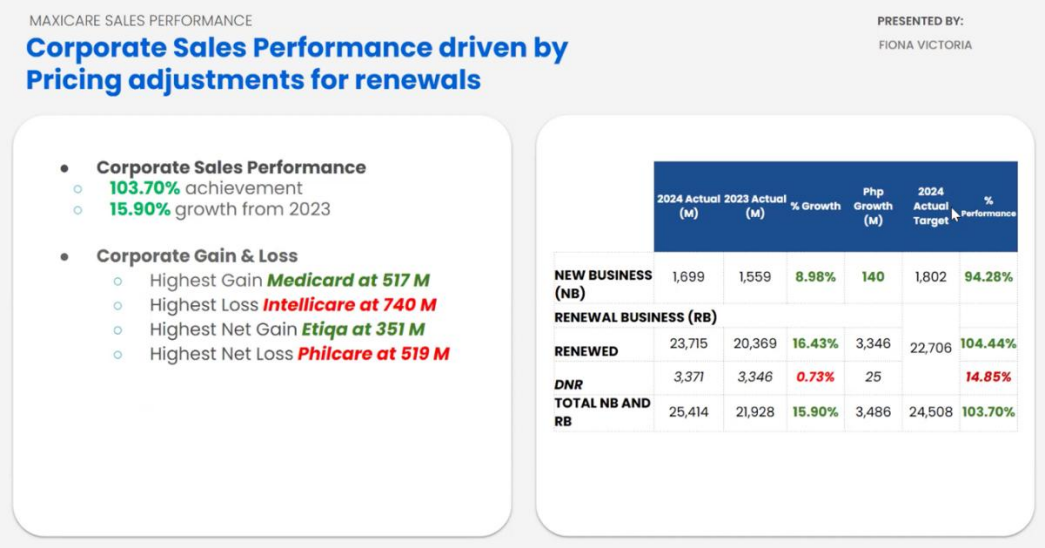
Excom | January 22, 2025

NB - New Business RB - Renewal Business

22

As to overall sales performance, 102.93% of the overall target was achieved with a 17.30% growth from 2023. Overall, the highest gain was driven by the consumer business coming from Fresh Accounts at Php642 Million. The highest loss was to Intellicare at Php768 Million, highest net gain was from Etiqa at Php353 Million, and highest net loss was to Philcare at PHP528 Million.

For January 2025, there was a transition of majority of the New Business accounts to API. This drove majority of the performance for New Business for the entire year at 56%. However, for Renewal Business, this posted growth from last year's performance at 104%. Segregating this performance for corporate sales, it recorded a 103.7% achievement and 15% growth from the 2023 performance.

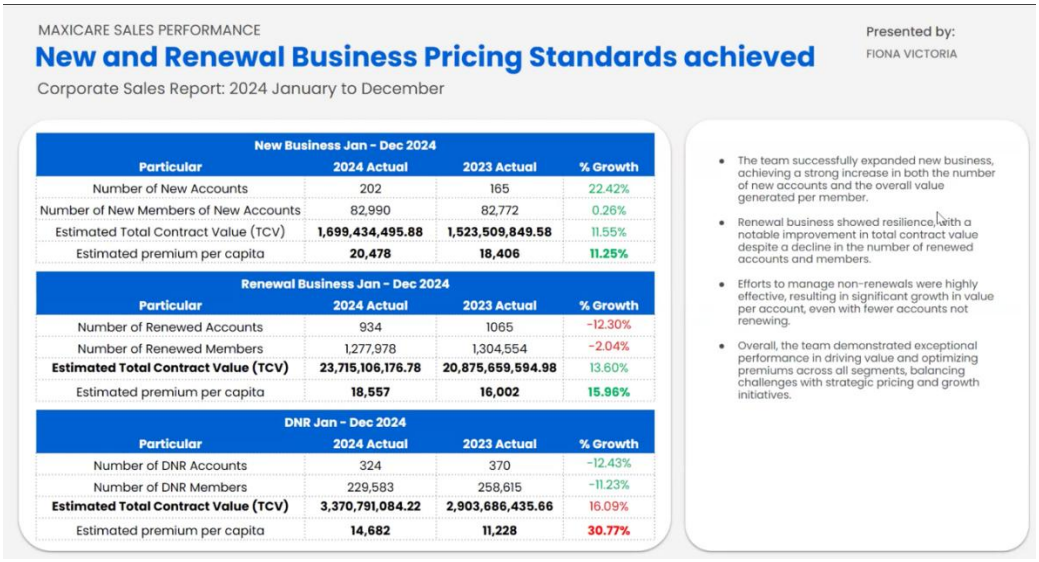


Mr. Gokongwei inquired as to what were the differences between the terms "Highest Gain" and "Highest Net Gain". Ms. Victoria explained that "gain" referred to a combination of all accounts, while "Net Gain" referred only to a single account.

Although the figures fell short by 6% for New Business, this was already a Php140 Million increase from the performance in 2023. For Renewal Business, the renewed accounts increased by 16% in revenue, but there was a loss of Php3.3 Billion accounts in 2024, which was 14.85% compared to the previous year portfolio.

The team was able to successfully expand New Business both in number of accounts and revenue or the contract value, including headcount. The premium per capita increased by 11%, although if the figures were to be segregated into full risk and ASO, the full risk actually grew by 33% in terms of the premiums or membership fees as compared to 2023 For Renewal Business, although there was a decline in the number of accounts that were renewed, the increase came from the renewal rates that were proposed to the renewing accounts which grew by 15.96% at an Php18,000 per capita average compared to Php16,000 last year.

The non-renewals, on the other hand, were quoted with an average of Php40,000 premium per capita. However, most were given status quo rates, or even lower than status quo rates, by the competitor that averaged at Php11,000 per capita. Comparing the Php11,000 with the renewed accounts by Php18,000, the more profitable accounts were able to be kept in the portfolio.



MAXICARE SALES PERFORMANCE

New and Renewal Business Pricing Standards achieved

Corporate Sales Report: 2024 January to December

Presented by:
FIONA VICTORIA

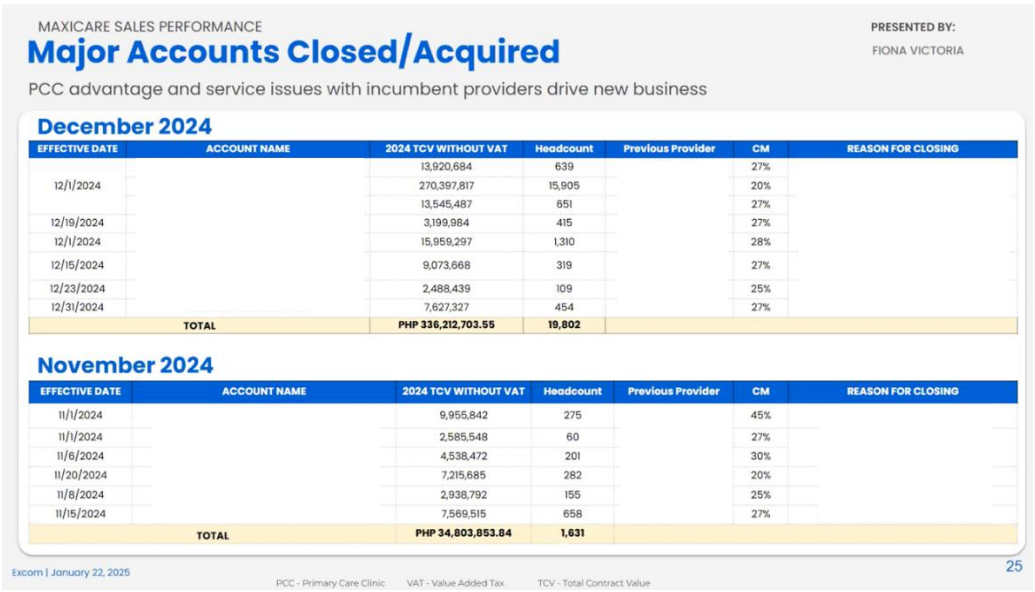
New Business Jan - Dec 2024			
Particular	2024 Actual	2023 Actual	% Growth
Number of New Accounts	202	165	22.42%
Number of New Members of New Accounts	82,990	82,772	0.26%
Estimated Total Contract Value (TCV)	**1,699,434,495.88**	**1,523,509,849.58**	11.55%
Estimated premium per capita	**20,478**	**18,406**	**11.25%**

Renewal Business Jan - Dec 2024			
Particular	2024 Actual	2023 Actual	% Growth
Number of Renewed Accounts	934	1065	-12.30%
Number of Renewed Members	1,277,978	1,304,554	-2.04%
Estimated Total Contract Value (TCV)	**23,715,106,176.78**	**20,875,659,594.98**	13.60%
Estimated premium per capita	**18,557**	**16,002**	**15.96%**

DNR Jan - Dec 2024			
Particular	2024 Actual	2023 Actual	% Growth
Number of DNR Accounts	324	370	-12.43%
Number of DNR Members	229,583	258,615	-11.23%
Estimated Total Contract Value (TCV)	**3,370,791,084.22**	**2,903,686,435.66**	16.09%
Estimated premium per capita	**14,682**	**11,228**	**30.77%**

- The team successfully expanded new business, achieving a strong increase in both the number of new accounts and the overall value generated per member.
- Renewal business showed resilience, with a notable improvement in total contract value despite a decline in the number of renewed accounts and members.
- Efforts to manage non-renewals were highly effective, resulting in significant growth in value per account, even with fewer accounts not renewing.
- Overall, the team demonstrated exceptional performance in driving value and optimizing premiums across all segments, balancing challenges with strategic pricing and growth initiatives.

The Major Accounts closed and which transitioned last December were reported as follows:



MAXICARE SALES PERFORMANCE

Major Accounts Closed/Acquired

PCC advantage and service issues with incumbent providers drive new business

PRESENTED BY:
FIONA VICTORIA

December 2024

EFFECTIVE DATE	ACCOUNT NAME	2024 TCV WITHOUT VAT	Headcount	Previous Provider	CM	REASON FOR CLOSING
		13,920,684	639		27%	
12/1/2024		270,397,817	15,905		20%	
		13,545,487	651		27%	
12/19/2024		3,199,984	415		27%	
12/1/2024		15,959,297	1,310		28%	
12/15/2024		9,073,668	319		27%	
12/23/2024		2,488,439	109		25%	
12/31/2024		7,627,327	454		27%	
TOTAL		PHP 336,212,703.55	19,802			

November 2024

EFFECTIVE DATE	ACCOUNT NAME	2024 TCV WITHOUT VAT	Headcount	Previous Provider	CM	REASON FOR CLOSING
11/1/2024		9,955,842	275		45%	
11/1/2024		2,585,548	60		27%	
11/6/2024		4,538,472	201		30%	
11/20/2024		7,215,685	282		20%	
11/8/2024		2,938,792	155		25%	
11/15/2024		7,569,515	658		27%	
TOTAL		PHP 34,803,853.84	1,631			

Excom | January 22, 2025

25

PCC - Primary Care Clinic VAT - Value Added Tax TCV - Total Contract Value

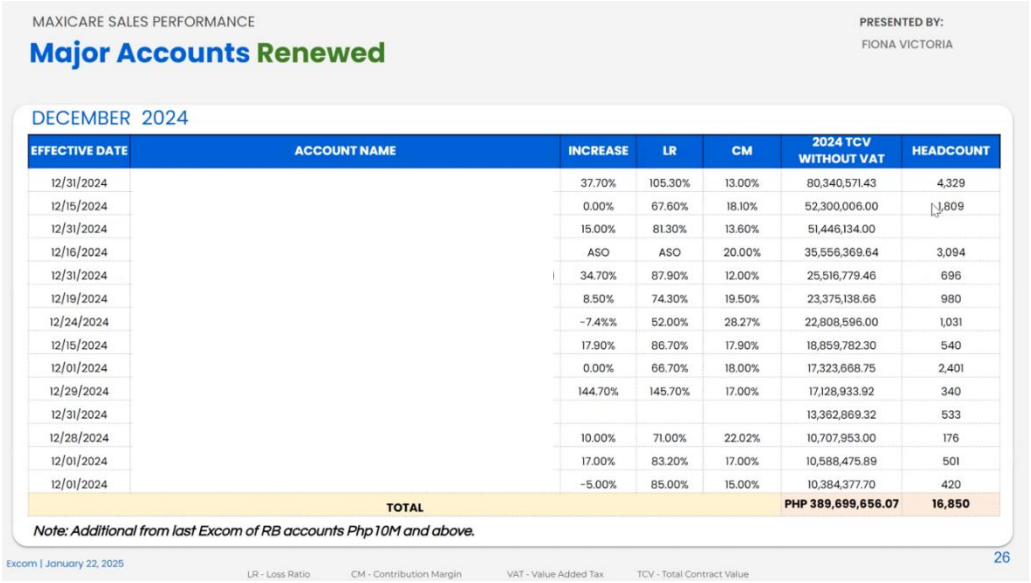
The biggest account which transitioned was . All of the accounts that transitioned in December were encountering service issues and included the PCC benefits as their reason for transferring. In November Php34 Million worth of New Business was closed, the biggest of which was

Mr. Gokongwei sought clarification as to the transition of Ms. Victoria explained that , with accounts. She discussed that when a expands, it usually goes for more extensive products, especially with PCC access, which was one of the main reasons why was

transitioned to Maxicare. As to price point, no standard new business plan was offered, since what was offered was the customized plan. Hence, there was an increase in the CM by 45%.

For Major Accounts Renewed for December, the biggest account was .. Majority of the accounts have been renewed in December with lower loss ratios as compared to 2023.

An average of 70% to 85% LR[16] was observed as compared to 2023 when more than 100% LR for the same set of accounts were being renewed.



MAXICARE SALES PERFORMANCE

PRESENTED BY:
FIONA VICTORIA

Major Accounts Renewed

DECEMBER 2024

EFFECTIVE DATE	ACCOUNT NAME	INCREASE	LR	CM	2024 TCV WITHOUT VAT	HEADCOUNT
12/31/2024		37.70%	105.30%	13.00%	80,340,571.43	4,329
12/15/2024		0.00%	67.60%	18.10%	52,300,006.00	1,809
12/31/2024		15.00%	81.30%	13.60%	51,446,134.00	
12/16/2024		ASO	ASO	20.00%	35,556,369.64	3,094
12/31/2024		34.70%	87.90%	12.00%	25,516,779.46	696
12/19/2024		8.50%	74.30%	19.50%	23,375,138.66	980
12/24/2024		-7.4%%	52.00%	28.27%	22,808,596.00	1,031
12/15/2024		17.90%	86.70%	17.90%	18,859,782.30	540
12/01/2024		0.00%	66.70%	18.00%	17,323,668.75	2,401
12/29/2024		144.70%	145.70%	17.00%	17,128,933.92	340
12/31/2024					13,362,869.32	533
12/28/2024		10.00%	71.00%	22.02%	10,707,953.00	176
12/01/2024		17.00%	83.20%	17.00%	10,588,475.89	501
12/01/2024		-5.00%	85.00%	15.00%	10,384,377.70	420
TOTAL					PHP 389,699,656.07	16,850

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

Excom | January 22, 2025

26

LR - Loss Ratio CM - Contribution Margin VAT - Value Added Tax TCV - Total Contract Value

In response to Mr. Brian Go's ("Mr. B Go") query, Ms. Victoria explained that the same initiatives have been executed, and that the volume and highly customized plans of Key Accounts were factors to better control. There were more details into steerage or initiating campaigns as well.

She further discussed that there should be buy-ins of several sites for key accounts to make sure that the communication goes to the member; whereas there was a high likelihood of a centralized communication campaign for smaller types of accounts.

She further noted that it was easier to focus on reducing benefits or minimizing high risk benefits for smaller accounts. For instance, reducing access to major hospitals can be an easier shift to smaller accounts as compared to the likes of

[16] LR: Loss Ratio

As an aside, Mr. Argos reported for ASO business, there were some accounts that have a low premium or utilization per capita. The CHF[17] has to be higher to get the same peso value versus a bigger account with more generous benefits.

The biggest DNR[18] Account for the month of December was , with a 90% MLR[19] and 25% proposed increase.

DNR (Did Not Renew) Accounts:

DECEMBER 2024

Effective Date	COMPANY NAME	Reason for non-renewal	Chosen Provider	Years with maxicare	MLR	CM	INCREASE	2023 HEADCOUNT	2023 TCV WITHOUT VAT
12/13/2023					82.00%	18%	47%	364	PHP 9,227,483.04
12/31/2023					96.00%	16%	44%	165	PHP 5,064,421.16
12/30/2023					101.00%	18%	23%	937	PHP 12,148,613.80
12/7/2023					6.00%	52%	0%	522	PHP 4,975,369.80
12/26/2023					90.00%	14%	25%	1,473	PHP 25,220,485.38
TOTAL								3,461	PHP 56,636,373.18

NOVEMBER 2024

Effective Date	COMPANY NAME	Reason for non-renewal	Chosen Provider	Years with maxicare	MLR	CM	INCREASE	2023 HEADCOUNT	2023 TCV WITHOUT VAT
11/1/2023					98.00%	15%	36%	258	PHP 5,509,068.00
11/15/2023					76.00%	11%	20%	484	PHP 7,267,909.12
11/16/2023					110.00%	15%	55%	336	PHP 5,611,618.52
TOTAL								1,078	PHP 18,388,595.64

Note: additional from last Excom of DNR accounts Php5M and above.

As regards the gain loss report, the highest net gain was from while the highest net loss was from with . Maxicare was already in the process of recovering as discussions were being made to recover said loss.

Ms. Victoria reported that service issues with were apparent in the first three (3) months, particularly regarding enrollment, billing and service issues.

Losses to were heavily driven by the , although also lost this year due to digital pricing concerns.

[17] CHF: Claims Handling Fee
[18] DNR: Did Not Renew
[19] MLR: Marginal Loss Ratio

Gain - Loss Study (in Millions) JAN - DEC 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	17,726	8	437 M	5,005	12	85 M	12,721	-4	351 M	21.47%
MEDICARD	28,120	37	517 M	18,371	24	331 M	9,749	13	185 M	11.33%
FRESH ACCOUNTS	8,320	59	166 M	0	0	0 M	8,320	59	166 M	10.17%
MAXICARE	2,996	19	48 M	313	3	7 M	2,683	16	42 M	2.55%
GREPALIFE	2,427	1	39 M	0	0	0 M	2,427	1	39 M	2.38%
COCOLIFE	1,984	8	34 M	0	0	0 M	1,984	8	34 M	2.06%
PACIFIC CROSS	286	3	6 M	0	0	0 M	286	3	6 M	0.37%
HMI	155	1	3 M	167	1	2 M	-12	0	1 M	-0.08%
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	0.03%
CLIMBS	0	0	0 M	81	1	1 M	-81	-1	-1 M	-0.07%
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	-0.17%
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	-0.25%
SELF-ADMINISTERED	144	1	2 M	565	8	6 M	-421	-7	-4 M	-0.25%
MEDASIA	0	0	0 M	171	1	5 M	-171	-1	-5 M	-0.29%
HIVE HEALTH	0	0	0 M	882	4	17 M	-882	-4	-17 M	-1.03%
LIFE AND HEALTH	0	0	0 M	2,865	3	19 M	-2,865	-3	-19 M	-1.18%
HC&D	0	0	0 M	978	1	20 M	-978	-1	-20 M	-1.22%
NONE	0	0	0 M	2,361	21	47 M	-2,361	-21	-47 M	-2.89%
VALUCARE	1,249	2	16 M	6,826	2	66 M	-5,577	0	-49 M	-3.02%
GENERALI	1,927	8	24 M	8,114	5	93 M	-6,187	3	-69 M	-4.24%
INSULAR LIFE	147	2	3 M	6,715	10	131 M	-6,568	-8	-128 M	-7.83%
INTELLICARE	11,573	31	317 M	50,817	25	740 M	-39,244	6	-423 M	-25.85%
ICARE	388	1	8 M	36,285	7	486 M	-35,897	-6	-478 M	-29.23%
PHILCARE	4,765	14	81 M	40,151	40	600 M	-35,386	-26	-519 M	-31.73%
OTHERS/DID NOT DISCLOSE	466	4	10 M	45,853	148	678 M	-45,387	-144	-668 M	-40.84%
TOTAL	83,109	202	1714 M	228,329	322	3351 M	-145,220	-120	-1636 M	100.00%

For Consumer Sales, the team was able to achieve 99% of target. Although the figures fell short of the new business target for this year of Php1.8 Billion, the team was able to close Php1.6 Billion worth of new contracts. For Renewal Business, they were able to achieve 6% higher than the annual target and posted a 24% growth on the Renewal Business.

MAXICARE SALES PERFORMANCE

Consumer Sales

2024 January to December

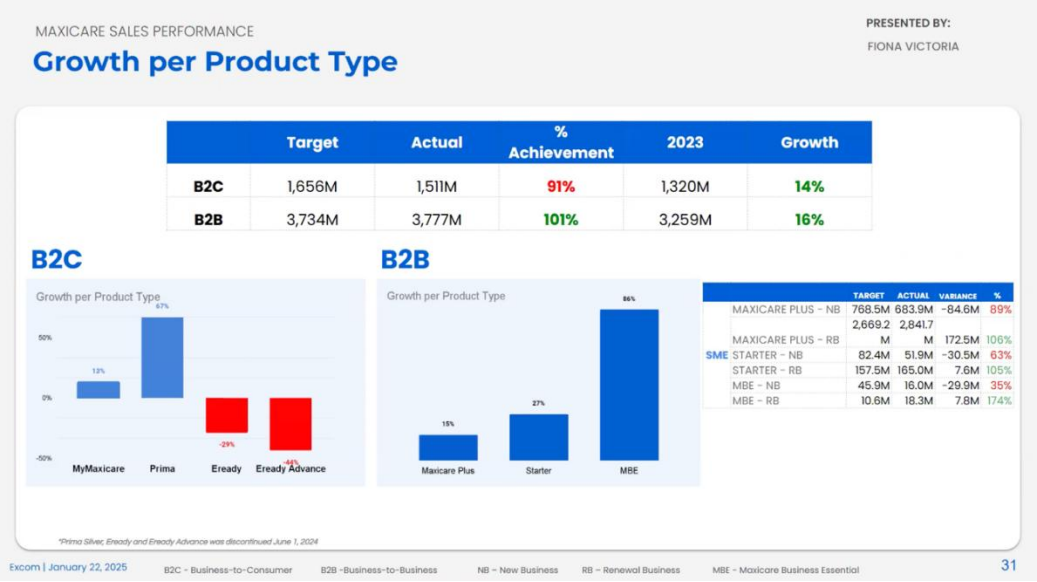
PRESENTED BY:
FIONA VICTORIA

- Sales Performance for DECEMBER 2024
  - 99.42% achievement
  - 18.87% growth from 2023
- SME Gain & Loss
  - Highest Gain *Fresh Accounts at 476M*
  - Highest Loss *None at 326M*
  - Highest Net Gain *Fresh Accounts at 476*
  - Highest Net Loss *None at 326M*

	2024 Actual Performance (M)	2023 Actual Performance (M)	% Growth	Php Growth (M)	2024 Actual Target	% Performance
New Business	1618	1,509	7.22%	109	1864	86.83%
Renewal Business	3763	3,018	24.70%	745	3549	106.03%
Consumer Total	**5,381**	**4,527**	**18.87%**	**854**	**5,413**	**99.42%**

All of the gains and net gains of the consumer business came from Fresh Accounts, meaning these accounts do not have coverage from other HMOs. The highest cost and net cost shifted to no coverage at all.

The breakdown for the business growth per product type in the consumer business was reported as follows:



B2C[20] refers to products that are prepaid in nature, and individual under the brand name of MyMaxicare. B2B[21] refers to the small and medium enterprise box type plans: Maxicare Plus, Maxicare Starter Plan and Maxicare Business Essentials which technically were an Alagang Maxicare concept of the corporate sales business.

In response to Mr. Macasaet's question, Ms. Victoria explained that the products were very appealing, especially for startup businesses, but the risk was sustaining the ability for the employers to maintain the coverage since they were small businesses, and any increase in the benefits will impact Maxicare's being able to renew the account.

As such, Maxicare will continue to make an opportunity to continue the B2B and B2C products.

The headcount figures were reported as follows:

[20] B2C: Business-to-Consumer
[21] B2B: Business-to-Business

Consumer Sales

Active Member Per Product Type as of 31 December 2024

PRESENTED BY:
FIONA VICTORIA

	PRODUCT TYPE	CURRENT MONTH # OF ACCOUNTS	CURRENT MONTH PERCENT SHARE	CURRENT MONTH HEADCOUNT	CURRENT MONTH PERCENT SHARE	PREVIOUS MONTH # OF ACCOUNTS	PREVIOUS MONTH PERCENT SHARE	PREVIOUS MONTH HEADCOUNT	PREVIOUS MONTH PERCENT SHARE	INCREASE/DECREASE # OF ACCOUNTS	INCREASE/DECREASE HEADCOUNT	VAR % # OF ACCOUNTS	VAR % HEADCOUNT
B2B		5,101	5.52%	159,533	59.17%	5,273	5.40%	165,727	59.08%	-172	-6,194	-3.26%	-3.74%
		1,791	1.94%	12,639	4.69%	1,801	1.84%	12,583	4.49%	-10	56	-0.56%	0.45%
		162	0.18%	4,445	1.65%	146	0.15%	4,061	1.45%	16	384	10.96%	9.46%
		7,054	**7.64%**	**176,617**	**65.51%**	**7,220**	**7.39%**	**182,371**	**65.01%**	**(166)**	**(5,754)**	**-2.30%**	**-3.16%**
B2C		17,015	18.42%	17,015	6.31%	17,102	17.51%	17,102	6.10%	**-87**	**-87**	-0.51%	-0.51%
		4,585	4.96%	12,256	4.55%	4,583	4.69%	12,247	4.37%	2	9	0.04%	0.07%
		7,711	8.35%	7,711	2.86%	8,885	9.09%	8,885	3.17%	-1,174	-1,174	-13.21%	-13.21%
		11,426	12.37%	11,426	4.24%	13,047	13.35%	13,047	4.65%	-1,621	-1,621	-12.42%	-12.42%
		15,815	17.12%	15,815	5.87%	15,121	15.48%	15,121	5.39%	694	694	4.59%	4.59%
		9,621	10.42%	9,621	3.57%	10,748	11.00%	10,748	3.83%	-1,127	-1,127	-10.49%	-10.49%
		5,603	6.07%	5,603	2.08%	6,319	6.47%	6,319	2.25%	-716	-716	-11.33%	-11.33%
		12,487	13.52%	12,487	4.63%	14,671	15.02%	14,671	5.23%	-2,184	-2,184	-14.89%	-14.89%
		337	0.36%	337	0.12%	0	0.00%	0	0.00%	337	337		
		722	0.78%	722	0.27%	0	0.00%	0	0.00%	722	722		
	SUBTOTAL	**85,322**	**92.36%**	**92,993**	**34.49%**	**90,476**	**92.61%**	**98,140**	**34.99%**	**(5,154)**	**(5,147)**	**-5.70%**	**-5.24%**
	TOTAL:	**92,376**	**100%**	**269,610**	**100%**	**97,696**	**100%**	**280,511**	**100%**	**-5,320**	**-10,901**	**-5.45%**	**-0.15%**

- **11,441** members from **106 accounts** of B2B transferred to Corporate
- Reasons for transferring:
  - Organic growth (more than 100 enrollees)
  - Tailored fit program

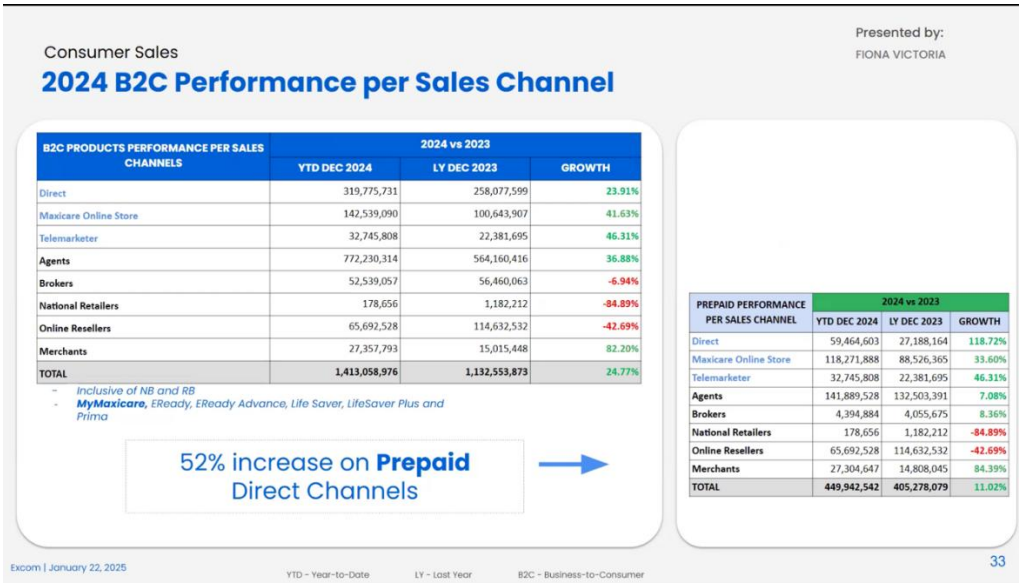
The headcount for the B2B segment or the small and medium enterprise segment was still heavily driven by the headcount coming from Maxicare Plus, which should include 20 – 99 principals, including dependents with up to 200 heads.

The growth this year came from the increase in the headcount from the Maxicare Business Essentials, which were PCC-first products and customized plans. These were the same as Alagang Maxicare where there was a resort to PCCs first, then to teleconsults, before access to other affiliated providers is allowed.

Mr. A. Go noted the amounts were still modest and higher targets should be achieved.

Mr. Gokongwei sought clarification on the B2B and B2C products. Ms. Victoria explained that the B2B Products shifted to corporate accounts, whereas the B2C Products were affected by the selling of E-Ready products, which were stopped and no longer sold by October 2024.

She further reported that the performance per sales channel was being tracked, ensuring that the teams handling the different channels for consumer business would be enabled.

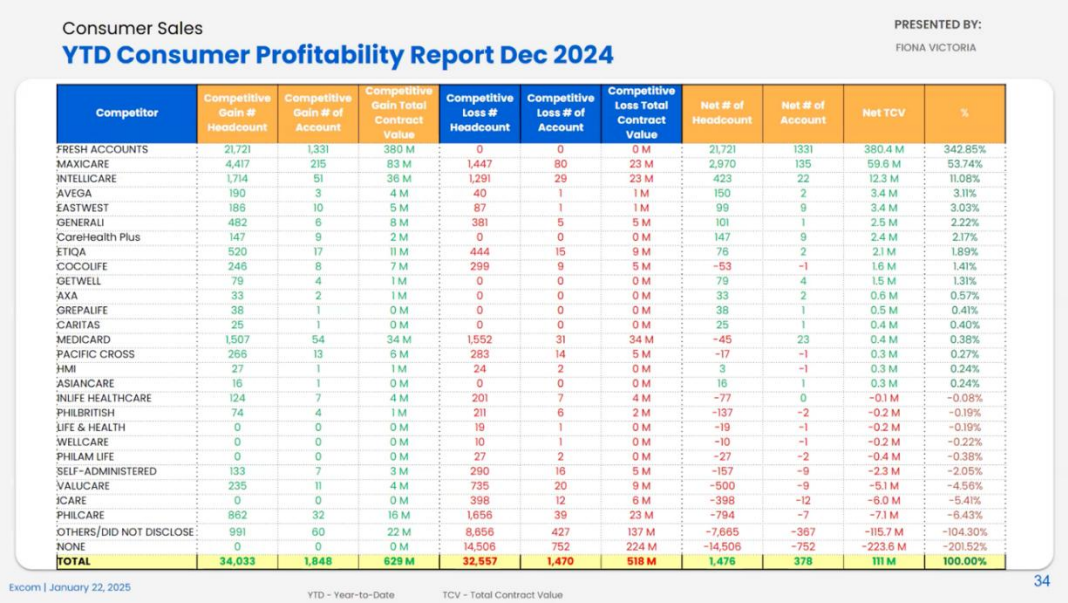


Mr. Gokongwei asked whether the B2C products were already being sold in PCCs. Mr. Argos answered that the B2C products were not being directly sold in PCCs, For Prima products, there are QR codes that may be scanned to be linked to the online store. The transaction would not take place in the physical space of the PCC, but the customer would be directed to the online store. He also discussed that there is a plan for "Prima Ladies" to assist clients in purchasing the products in the PCCs.

Mr. Gokongwei inquired as to how much was being paid to the agents of the B2C products. Mr. Argos confirmed that they were being paid at around 15% figures.

Ms. Victoria discussed that there would be a shift to the Maxicare online store, since this allowed the growth of prepaid sales by 52%.

For the competitive payment loss, the gains came from accounts with no coverage, hence, were tagged as Fresh Accounts. The opportunity to recover the accounts lost will be shifting to no coverage by this year.



Consumer Sales

YTD Consumer Profitability Report Dec 2024

PRESENTED BY:
FIONA VICTORIA

Competitor	Competitive Gain # Headcount	Competitive Gain # of Account	Competitive Gain Total Contract Value	Competitive Loss # Headcount	Competitive Loss # of Account	Competitive Loss Total Contract Value	Net # of Headcount	Net # of Account	Net TCV	%
FRESH ACCOUNTS	21,721	1,331	380 M	0	0	0 M	21,721	1331	380.4 M	342.85%
MAXICARE	4,417	215	83 M	1,447	80	23 M	2,970	135	59.6 M	53.74%
INTELLICARE	1,714	51	36 M	1,291	29	23 M	423	22	12.3 M	11.08%
AVEGA	190	3	4 M	40	1	1 M	150	2	3.4 M	3.11%
EASTWEST	186	10	5 M	87	1	1 M	99	9	3.4 M	3.03%
GENERALI	482	6	8 M	381	5	5 M	101	1	2.5 M	2.22%
CareHealth Plus	147	9	2 M	0	0	0 M	147	9	2.4 M	2.17%
ETIQA	520	17	11 M	444	15	9 M	76	2	2.1 M	1.89%
COCOLIFE	246	8	7 M	299	9	5 M	-53	-1	1.6 M	1.41%
GETWELL	79	4	1 M	0	0	0 M	79	4	1.5 M	1.31%
AXA	33	2	1 M	0	0	0 M	33	2	0.6 M	0.57%
GREPALIFE	38	1	0 M	0	0	0 M	38	1	0.5 M	0.41%
CARITAS	25	1	0 M	0	0	0 M	25	1	0.4 M	0.40%
MEDICARD	1,507	54	34 M	1,552	31	34 M	-45	23	0.4 M	0.38%
PACIFIC CROSS	266	13	6 M	283	14	5 M	-17	-1	0.3 M	0.27%
HMI	27	1	1 M	24	2	0 M	3	-1	0.3 M	0.24%
ASIANCARE	16	1	0 M	0	0	0 M	16	1	0.3 M	0.24%
INLIFE HEALTHCARE	124	7	4 M	201	7	4 M	-77	0	-0.1 M	-0.08%
PHILBRITISH	74	4	1 M	211	6	2 M	-137	-2	-0.2 M	-0.19%
LIFE & HEALTH	0	0	0 M	19	1	0 M	-19	-1	-0.2 M	-0.19%
WELLCARE	0	0	0 M	10	1	0 M	-10	-1	-0.2 M	-0.22%
PHILAM LIFE	0	0	0 M	27	2	0 M	-27	-2	-0.4 M	-0.38%
SELF-ADMINISTERED	133	7	3 M	290	16	5 M	-157	-9	-2.3 M	-2.05%
VALUCARE	235	11	4 M	735	20	9 M	-500	-9	-5.1 M	-4.56%
ICARE	0	0	0 M	398	12	6 M	-398	-12	-6.0 M	-5.41%
PHILCARE	862	32	16 M	1,656	39	23 M	-794	-7	-7.1 M	-6.43%
OTHERS/DID NOT DISCLOSE	991	60	22 M	8,656	427	137 M	-7,665	-367	-115.7 M	-104.30%
NONE	0	0	0 M	14,506	752	224 M	-14,506	-752	-223.6 M	-201.52%
TOTAL	**34,033**	**1,848**	**629 M**	**32,557**	**1,470**	**518 M**	**1,476**	**378**	**111 M**	**100.00%**

Excom | January 22, 2025

YTD - Year-to-Date TCV - Total Contract Value

34

V. Corporate Updates

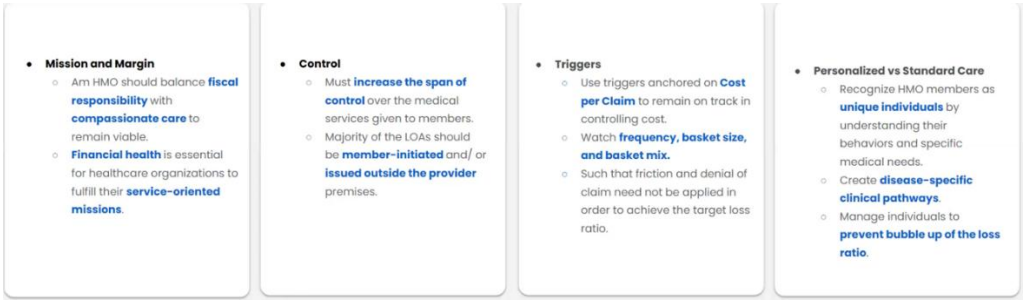
A. Medical Utilization Cost ("MUC") – Management Process

Mr. Argos reported that the commitment to the Committee was to have a more structured approach in managing utilization, that was not one-dimensional to ensure that the budget was delivered.

The goal was to develop lead indicators because the loss ratio was not a sufficient indicator. Once the target of 75% was hit, availments cannot just be stopped. The same can be minimized, but it will continue to grow.

To complement the loss ratio, there would be additional lead indicators on an individual level and further going up on a per account and per product level.

Ms. Elizabeth Gregorio ("Ms. Gregorio") reported on the the Four Guiding Principles which should drive MUC management. These are: Mission and Margin, Service Control, Triggers and Personalized Care, to wit:



- **Mission and Margin**
  - Am HMO should balance **fiscal responsibility** with **compassionate care** to remain viable.
  - **Financial health** is essential for healthcare organizations to fulfill their **service-oriented missions**.
- **Control**
  - Must **increase the span of control** over the medical services given to members.
  - Majority of the LOAs should be **member-initiated** and/ or **issued outside the provider** premises.
- **Triggers**
  - Use triggers anchored on **Cost per Claim** to remain on track in controlling cost.
  - Watch **frequency, basket size, and basket mix.**
  - Such that friction and denial of claim need not be applied in order to achieve the target loss ratio.
- **Personalized vs Standard Care**
  - Recognize HMO members as **unique individuals** by understanding their behaviors and specific medical needs.
  - Create **disease-specific clinical pathways**.
  - Manage individuals to **prevent bubble up of the loss ratio**.

The first guiding principle is mission and margin, that is, the HMO should balance fiscal responsibility with compassionate care.

The second guiding principle is to be able to increase the span of control.

The third guiding principle is on the triggers, which revolve around cost per claim, particularly on the frequency of visits, basket size or the number of tests that were done, and basket mix or the combination of tests that were done in every visit. She explained that the goal was to start with the lead indicators to control the cost without causing friction to the member.

Mr. Rene J. Buenaventura ("Mr. Buenaventura") suggested to change the use of the term "fiscal" responsibility to "financial" responsibility in the first guiding principle because the former term denotes government revenues and taxes. This was noted by Ms. Gregorio.

Mr. A. Go inquired as to how long will it take to receive the LOA. Ms. Gregorio responded that the numbers were still being determined for this by the team together with operations. After some discussions, Mr. A. Go mentioned that the maximum time should be 2-3 minutes.

Mr. Argos discussed that the reason why members were sensitive to handling time was because they were already in the hospital. Thus, Mr. Argos stressed the need of inverting the process and encouraging the members to obtain the LOA prior to going to the hospital. The goal was to make it so easy for the member to engage Maxicare first in the channel that they want (e.g. non-voice, chat or the like).

He also discussed that the availment patterns usually occur after a consultation. Following the patient journey, a lot of the OP interactions involve consult-OP lab interactions only. The goal was to get the laboratory after consultation. While the handling time may be longer, the patient will actually be happier. The approach would be to schedule and book the patient tomorrow.

Ms. Gregorio explained that such method was deemed to be an employee-proactive approach. Majority of the LOAs have been issued to members who were already at the hospital.

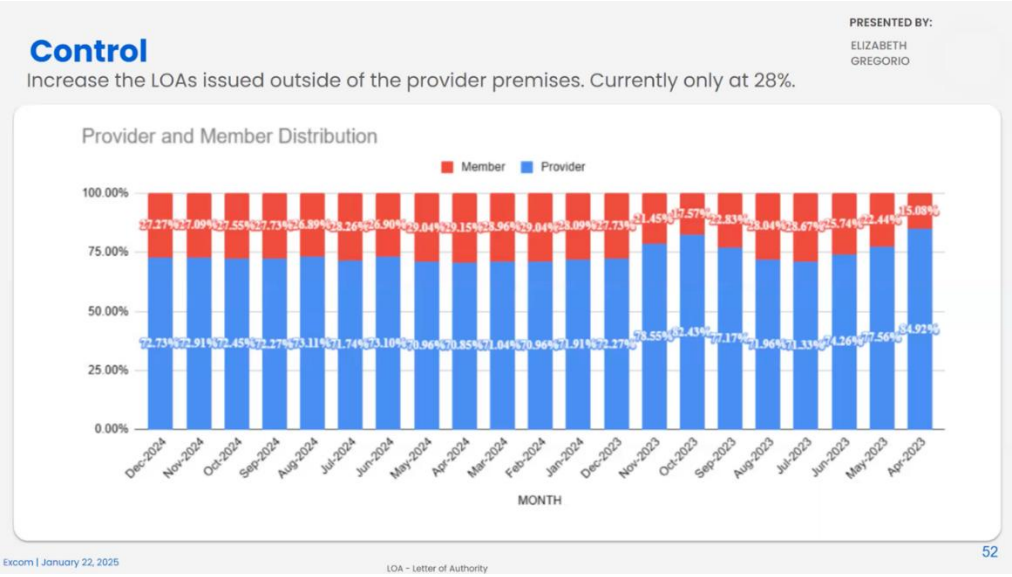
Mr. A. Go emphasized that the member portal should be the priority so that the customer will not have to go to the hospital.

Ms. Victoria noted that the rest of the MVPs have signed already, and that the critical portion was the reimbursement aspect. Mr. A. Go commented that reimbursement cannot be critical at this point because less than 1% go to reimbursement.

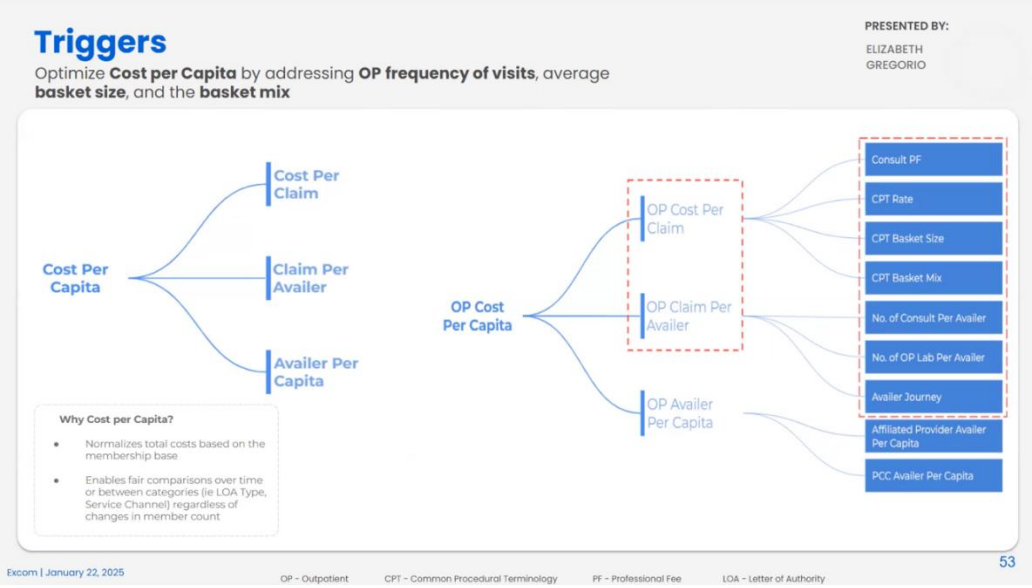
Ms. Victoria noted that the team has agreed that it was important to release the member portal soon.

Mr. A. Go emphasized that the member portal should be a priority so that the identities of members were already known each time a request was made.

Further, Mr. A. Go discussed that the second priority should be the corporate clinic, and that teleconsult was likewise needed already be in place. He similarly requested for timelines on the completion of the aforesaid matters.



Ms. Gregorio continued with her report and explained that measurement assessed cost per capita, that is, the total cost of medical utilization out of the total number of members. There were three components: (1) Cost per claim, (2) Claim per availer, and (3) Availer per capita.



The cost per claim showed the impact, which was addressed to BCG. The claim per availer, showed the number of claims of an availer. On the other hand, the availer per capita showed that the number of availers from the total member base was not at 100%. There were 70% to 80% total members availing of HMO services while the other 20% do not claim at all. Mr. Argos discussed that the goal was to give care to those who legitimately need it.

Mr. B. Go asked whether the availers consisting the 70% to 80% referred to one person who availed of different kinds of services. Ms. Gregorio explained that these percentages referred to unique counts and the frequency comes out as claim per availment.

Ms. Esther Go ("Ms. Go") pointed out that there may be good or bad availments to which Mr. Argos responded that this will be tackled in the succeeding reports.

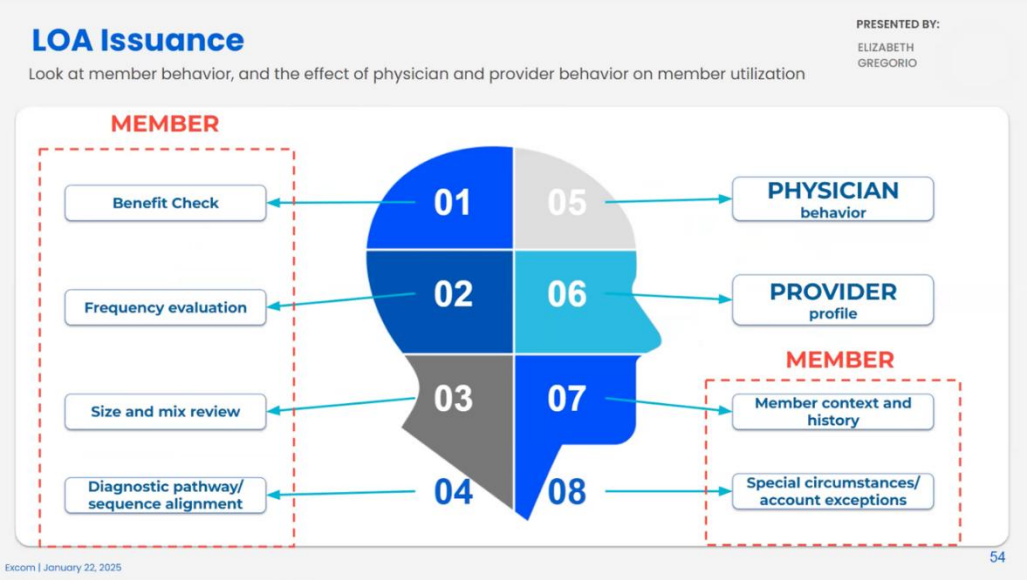
Mr. A. Go, noted, however that the figures for the cost per capital were too general. He suggested that there should be figures for the cost per disease.

Ms. Gregorio explained that the figures will all add up to the figures for the cost per claim. The cost per claim was also affected by the basket size (i.e., number of tests required) and mix (i.e., types of tests required). She explained that the cost for an ultrasound with a CBC would be more expensive than an ultrasound with a urinalysis even if there may be two tests. Thus, there was a need to control the claim per availer and frequency. Diseases would likewise be considered.

Mr. A. Go emphasized that mistakes should be minimized, particularly in relation to PCCs for the members. He reiterated that the PCCs should have the best equipment and the best of everything.

Mr. Argos added that the PCCs need to be there for the members, the moment that they would need laboratory tests and not when they have already gone to the hospital.

Ms. Gregorio discussed that member behavior and specifically, the effect of physician and provider behavior on member utilization as triggers must likewise be checked.



The factors that must be considered for members are the following:

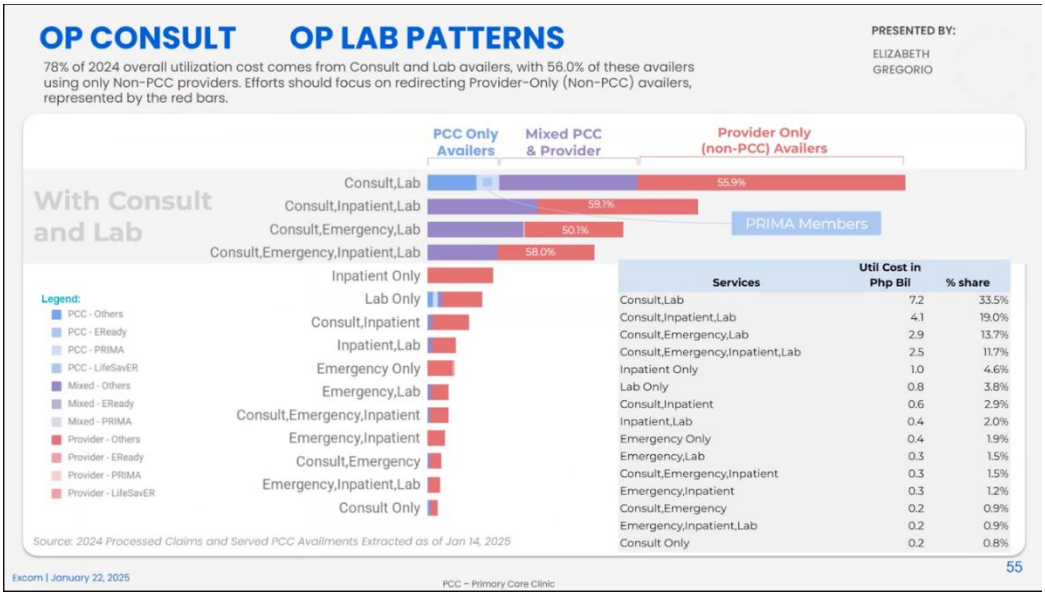
(1) Benefit Check – i.e., whether the member has the benefit;
(2) Frequency evaluation – i.e., whether they have undergone seven or eight consultations;
(3) Size and mix review – i.e., whether the member would have asked for an ultrasound right away; and
(4) Diagnostic pathway/sequence alignment – i.e., whether the member has a history of illness or special circumstances.

Mr. A. Go stressed that these factors should be checked in around 3 minutes. He stated all frictions should be solved, and that the process must be purely automated. No human individual should perform any of these processes.

Ms. Gregorio was in agreement, and further added that the pattern of physicians and providers would be looked into as well.

She proceeded to report that the 78% of the overall OP[22] utilization comes from a pattern of Consult and Lab availers, *to wit:*

[22] OP: Out-patient



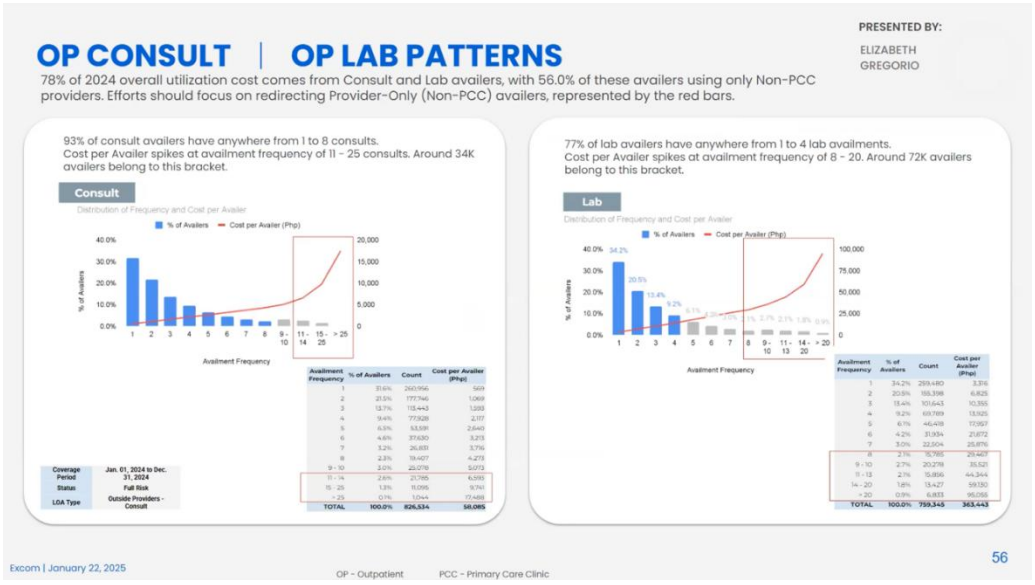
Services	Util Cost in Php Bil	% share
Consult,Lab	7.2	33.5%
Consult,Inpatient,Lab	4.1	19.0%
Consult,Emergency,Lab	2.9	13.7%
Consult,Emergency,Inpatient,Lab	2.5	11.7%
Inpatient Only	1.0	4.6%
Lab Only	0.8	3.8%
Consult,Inpatient	0.6	2.9%
Inpatient,Lab	0.4	2.0%
Emergency Only	0.4	1.9%
Emergency,Lab	0.3	1.5%
Consult,Emergency,Inpatient	0.3	1.5%
Emergency,Inpatient	0.3	1.2%
Consult,Emergency	0.2	0.9%
Emergency,Inpatient,Lab	0.2	0.9%
Consult Only	0.2	0.8%

Mr. Argos discussed that a lot of the consultations were still done by accredited physicians. He shared that these consultations do not actually take place during office hours. The intervention then, must be a tool for the actual behavior.

Mr. A. Go suggested to divide the figures between office and non-office hours. Mr. Argos agreed and emphasized the need to be more precise.

Mr. Argos further noted that the corporate clinics should use eMedcore.

Ms. Gregorio reported that 78% of 2024 overall utilization cost came from Consult and Lab availers, with 56.0% of these availers using only Non-PCC providers. Efforts should focus on redirecting Provider-Only (Non-PCC availers), represented by the red bars in the below graph.



Ms. Gregorio further discussed that 93% of consult availers have anywhere from 1 to 8 consults. Cost per Availer spiked at availment frequency of 11 - 25 consults. Around 34,000 availers belong to this bracket.

For consult, those that have more than 9 or more than 11-25 consults have higher costs from 6,000 to 17,000.

For lab, the figures with 8 and above availments have costs which would average from 29, 000 to 95,000.

Mr. A. Go requested to differentiate the figures for lab to those that have, and those that do not have. Ms. Gregorio explained that lab does not only involve getting the blood of patients, but also involve ultrasound, surgical, cancer and vaccines. These will have to be broken up to groups. She explained that the doctors involved in lab also include those who are accredited and not just those from the PCCs.

Mr. Argos discussed that since the doctors involved were not just from the PCCs, more scrutiny should be applied. Operationally, frequency expectation must be identified.

Discussions on placing a cap was made. Mr. Argos proposed that it would be more effective to outline to the client the list of available doctors with their corresponding price. The choice will be in the hands of the clients.

Ms. Victoria stated that information regarding the cause of the increase in frequency should be shared to clients during renewal or negotiation period so that the members would be steered to the PCCs. Mr. Argos likewise commented that this is a matter of fair use.

Mr. Argos raised another layer which was the chronic conditions of patient that may require additional monitoring.

The sum total of the figures for OP consult and OP lab patterns, was that if they will be able to get ahead of the problems, the same will not materialize in a loss ratio.

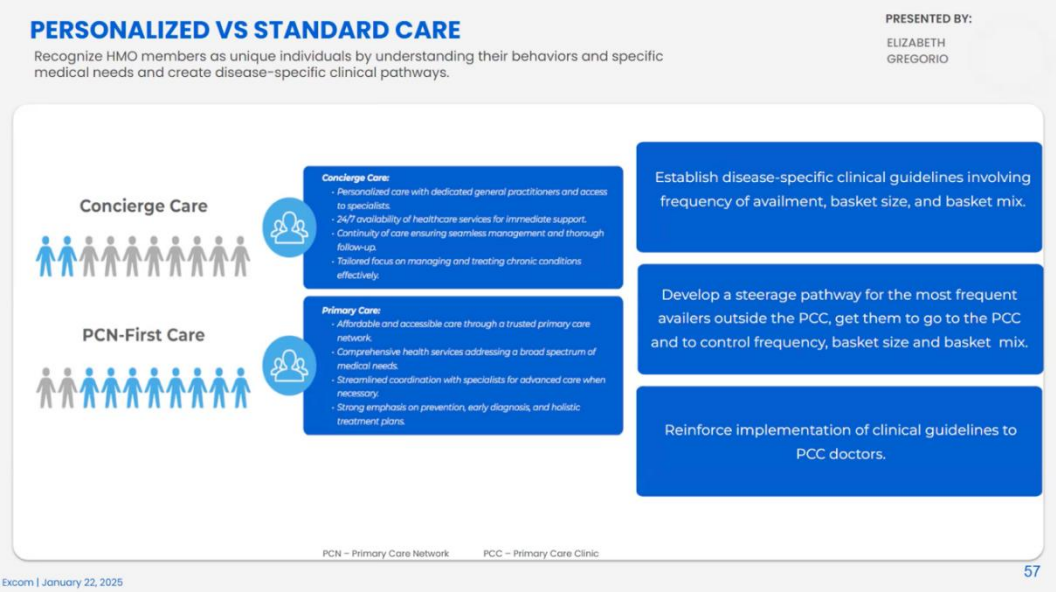
In response to Mr. A. Go's question, Mr. Argos responded that the estimated savings would still have to be modelled and assessed.

Ms. Go observed that the figures presented represent measurements pertaining to metrics on the number of claims and availers. However, she mentioned that the outcome was not measured. She emphasized the need of having a forward-looking group that would evaluate the baseline health status of a population. Such group should be also be incentivized.

Ms. Gregorio further explained that the goal was to know the clients on a personal medical level. For instance, if the member be at risk for hypertension, what should Maxicare be offering to them?

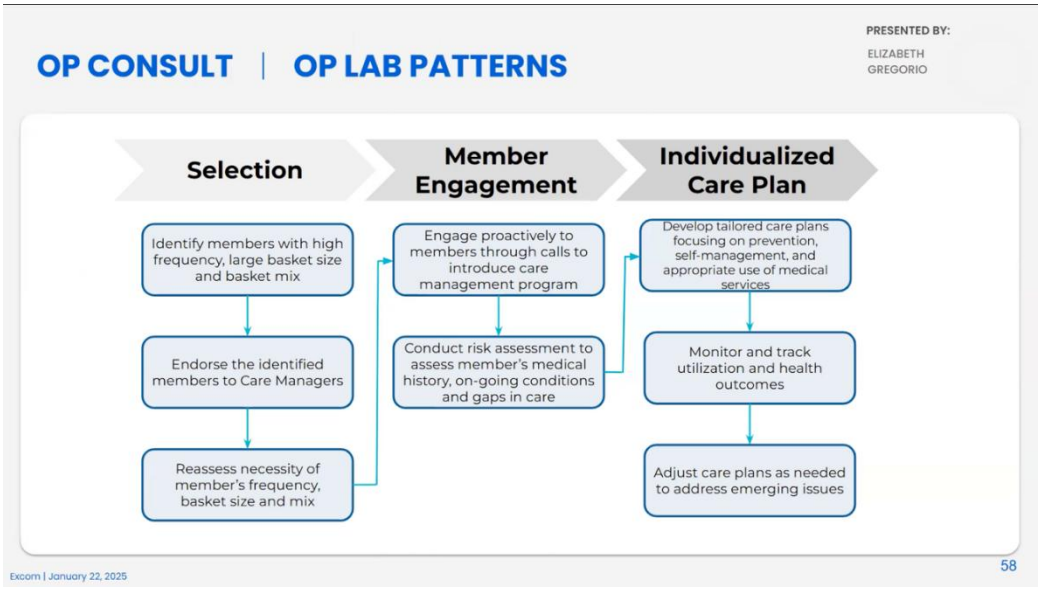
Mr. A. Go emphasized that the mobile app should include a mechanism where the members would already be made aware of what to do next such as going to the PCC. He also asked for the timeline for the personalized vs. standard care initiatives.

There was a recognition that HMO members were unique individuals, and their behaviors and specific medical needs should be understood and so, there must be a creation of disease-specific clinical pathways.



A prime example of such understanding was the Bestlife program. Based on a client's ACU, it was identified whether they were ready with a cardiometabolic disease. They will then be pulled out, informed that they will be enrolled to a certain program, and the PCC only was identified. Tests cannot be done outside of the PCCs.

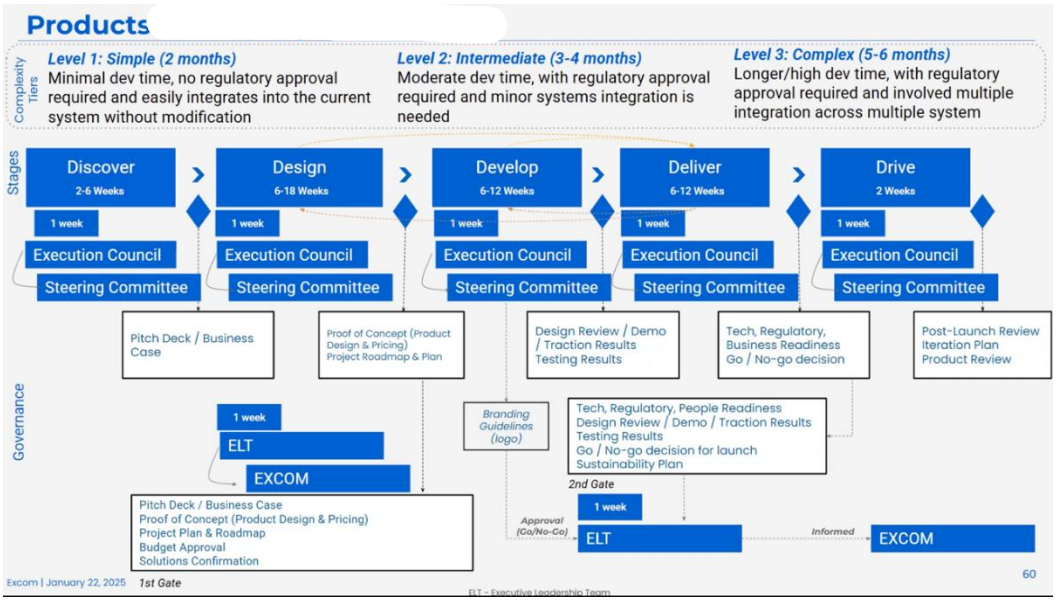
The goal was to prevent the customers from getting to a state where they have to be rushed to the ER or get confined. The frequency of visits was important also to avoid a very high medical cost, especially for the cardiometabolic disease.
The following graph itemize said process:



B. 2025 Products and Roadmap

Mr. Raymond Hernandez ("Mr. Hernandez" presented this portion. He explained that 3 kinds of product complexity levels have been determined, *to wit*:

(1) Level 1 – simple products which would take 2 months of development time before they can be sold in markets as there was no regulatory approval required and easily integrates into the current system without modification;
(2) Level 2: intermediate products with moderate development time, with regulatory approval required and minor systems integration is needed; and
(3) Level 3: complex products with longer or higher development time with regulatory approval required and involves multiple integration across multiple systems.



Across all of these products, 5 stages in product development were identified:

(1) Discover – takes around 2- 6 weeks and involved the Execution Council and Steering Committee. The outputs by this stage will be the pitch deck or the business case.
(2) Design – takes around 6-18 weeks, depending on the complexity. The outputs by this stage will be the proof of concept including the product design, pricing, project roadmap and plan. Once this stage was done, the design will be elevated to the ELT[23] and the Committee for the go signal and presentation.
(3) Develop – takes around 6-12 weeks. After the approval, the products will be developed and delivered before going back to ELT for determination on whether they will proceed in terms of business modelling, sustainability plan, etc.
(4) Deliver – takes around 6-12 weeks. After ELT approval, the Committee will be informed about the delivery details.
(5) Drive – takes around 2-3 weeks, depending on the traction of the product that will be launched. Once delivery is done, the project will be launched and the drive shall be the post mortem or initial analysis that will be provided and reviewed as the products are rolled out.

Mr. Hernandez noted that the Execution Council and Steering Committee are both internal teams within the Maxicare Group.

[23] ELT: Executive Leadership Team

The objective for 2025 when it comes to building the MaxiGroup ecosystem is to prioritize products that will effectively interconnect the Maxigroup products.

Mr. Hernandez explained that all the 3 companies have different value propositions. Maxicare provides comprehensive healthcare coverage and is dominant in B2B space. On the other hand, MaxiHealth tries to optimize MUC through efficient delivery and MaxiLife provides insurance and financial security solutions.

The goal is to achieve and , that is, the MaxiGroup ecosystem will be able to provide products that will cater to the needs of individuals

He emphasized that 2025 for Maxicare should translate to the introduction of affordable prices and plans while increasing the market share.

As presented, while the MaxiGroup has certain strengths, there were competitors who undercut this when it came to pricing. In 2025, MaxiHealth and the clinics providing products that were focused on capturing share and out of pocket, and expanding to new markets, will aid in this endevour. MaxiLife will then offer these individual products through digital or traditional distribution channels.

Mr. A. Go inquired the longest time it would take for conceptual implementation, and to which was answered to be

The manner on how the different products will utilize the 3 companies was also presented. For the , Maxicare will be utilized as a sales and marketing

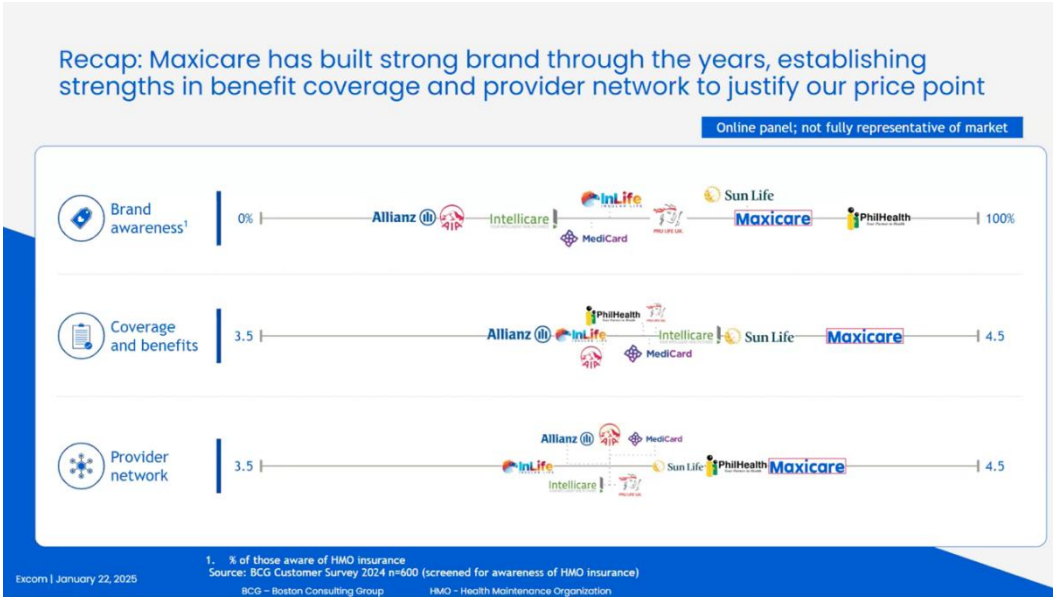
channel, but the ownership and fulfillment will be done by MaxiHealth. MaxiLife will then be upselling for additional coverage on top of

The 2025 Product Launch Map was presented as follows:

Most of the products have already been started, and noticeably, there were lesser products planned to be launched in 2025. The rationale was to focus on the products that will move and have a bigger impact.

C. Affordable B2B

Mr. Hernandez also presented the Affordable B2B plan. He explained that Maxicare has built a strong brand through the years, establishing strengths in benefit coverage and provider network to justify its price point:



In terms of brand awareness, Maxicare was at 100% for perfect name recognition. For coverage and benefits and provider network, Maxicare was rated a 4.5.

As customer budgets tighten, however, increased pressure to compete at a lower price segment was felt.

Four dimensions were identified that have affected the customers' perceived experience, to wit:
(1) Level of coverage;
(2) Provider network access;
(3) Availability of call center and processing speed; and
(4) Likelihood of claims approval.

These 4 levels were very important as these will serve as the backbone of how the affordable B2B project product will be designed.

Mr. Gokongwei inquired as to whether the presented information was based on experience or research. It was confirmed that the information was sourced from a combination of research and experience.

The B2B Portfolio was presented as follows:

The upper part of the quadrant presented in the table above have been identified as the highly customizable products and which is where Maxicare's strength lies.

The products in the lower quadrants and were the products that could be considered in the determination of affordable B2B Products. This may be another variant, or a total replacement.

Ms. Victoria discussed that efforts were being made to recover accounts lost last year and it was discovered that there have been issues regarding the transition into service levels, but whenever there was a shift, the issue was really on the price. If there was a huge variance against Maxicare's proposal, Ms. Victoria explained that the call to action from the industry was to prepare for the renewal rate or amount that should be offered to the customers.

Mr. A. Go emphasized that there must be a specific expertise for each type of industry, then, the items that were deemed important to the customers must be determined. Specifically, the pricing factor.

Mr. Hernandez added that this will be incorporated into product development and that currently, location was already considered.

In the B2B Portfolio, the potential target market was also identified as follows:

The Boston Consulting Group ("BCG") reported on which factors should be explored in making the price more affordable as gathered from the sources listed below:

It was discussed that there can be a product which can still compete and have a compelling factor with a high total coverage that customers will be comparing against competitors. This can be done in terms of having multiple layers of coverage

that can help control the costs. A proposal was presented by Mr. A. Go and Mr. Gokongwei that this product can also be offered to dependents and those belonging to the same household such as the staff.

Mr. Argos noted that currently, in the hierarchy of enrollment, dependents have to be relatives. A way to bring in other members of the household must be identified in a manner that there would be no anti-selection risk. Mr. Argos commented that this may come in the form of an IM product, where services can be shared and will not be limited to the household.

The product design was presented as follows:

As presented in the above table, the bottom shows the inner limits to help steer discretionary customer behavior. The BCG representative explained that MaxiHealth will assist and help in some of the cost containment on the outpatient site.

The second layer referred to the annual benefit limit which shall help ensure that the vast majority needs of customers across in-patient, OP consults, etc. were covered. On top of all that, the adding of a cross-sell mechanism between Maxicare and MaxiLife was intended, using the critical illness layer which helped provide a much higher additional coverage for some very specific narrow cases.

Overall, integrating all of these factors will entail a possibility to advertise a coverage that would be a bit compelling to the different brands.

It was further discussed that one of the levers in the previous pitch was to allow if a customer goes above a certain limit. This would allow the customer to have access to the preferential rates with providers.

Notably, the levers would have to be an iterated process given that some of the levers will not be currently doable until there would be a new MIS. As such, some of these will have to be in a future phase. As such, an launch may be had first.

The product design will focus on readily available capabilities, with a future phase to potentially implement levers with dependencies on the new MIS. The launch was aimed to take place by March 2025. This could be used to pursue some accounts that did not renew previously given the price point last year. The cost of Non-Renewals for April were being targeted for the new path.

The concept for the MVP Design was presented as follows:

The design includes the thought process of the customers in selecting an HMO plan. This essentially allows them to provide who to select, and for whom the coverage shall be. A different mix in the company will be allowed.

Customers can likewise choose an option where they can have access to the providers and clinics:

They can also choose if they will have access to the full network or only to a subset that might be a bit more basic or with a lower cost:

Customer can further choose their coverage as follows:

On the outpatient side, the PCC network may be allowed to be used to have access only to the PCCs, or to a broader network, or even just consults via

An integration of the design for the . card was also proposed. The card should allow the customers within the PCC to avail of additional services, laboratories, or more complicated diagnostics.

The target range for the pricing would be around .

The locking in of the provider network in terms of basic access would have to be finished prior to launch. Further, the remaining questions that must be answered prior to launch are:

a. **Provider Network**: How many hospitals & clinics are needed in each area to sufficiently service our members?
b. **Pricing**: What price will ensure a healthy contribution margin per variant?
c. **Marketing**: Under what company and brand name do we sell the affordable B2B product to SMEs without eroding Maxicare positioning?

d. **GTM**: How will we organize our sales force to sell the new affordable B2B product?
e. **Ops**: Will a separate claims adjudication team handle this product given process differences?

D. New

Mr. Hernandez reported on the unsustainability of current model as follows:

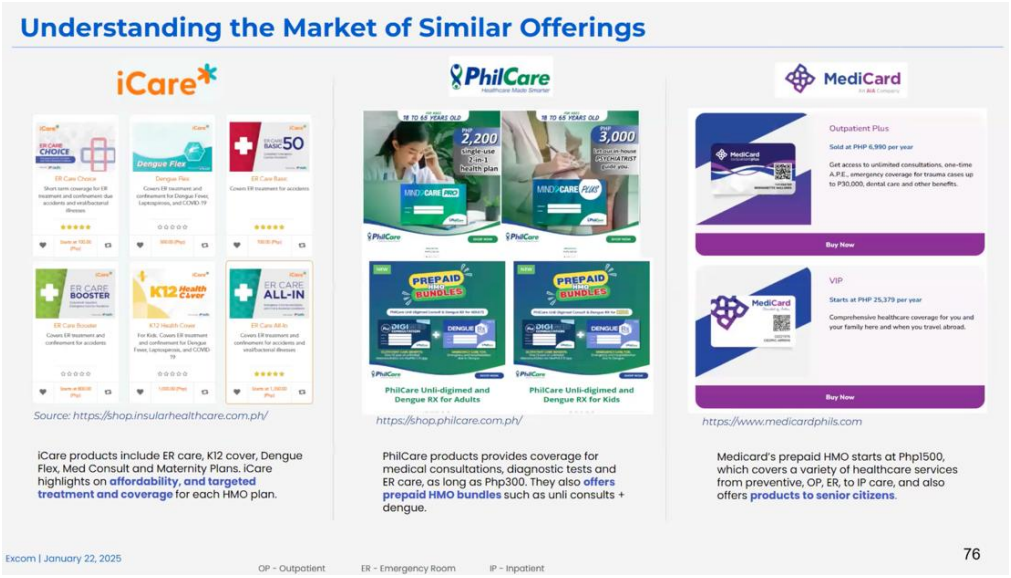
The problem with the old was that the cost structure that was in place could not sustain the high service utilization.

The product was not sold for a while when the were being developed.

From the business objective, the PCC services were trying to be commercialized beyond B2B and used to expand Maxicare's market. Maximization of incremental capacity was likewise sought. Similarly, the role of primary care products was aimed to be filled for the consumer portfolio.

From the design perspective, the objectives were derived from the identified problems, lower total cost, risk for profitability improvement, and factors to drive volume to PCCs without excess risk and maintain competitive advantage.

The implementation requires collaboration between Maxicare and MaxiHealth. Notably, however, Maxicare will not be the first in the market for this as there are other competitors as seen below:



All of the above have different services targeting the same consumers. It was noted, however, that the other competitors do not have many PCCs, which was one of Maxicare's competitive advantages.

was the primary consult product. It was proposed to be at I with unlimited PCC consults and discounted medicines. Coordination with with around branch networks was being made to provide discount on medicines and inclusion of annual physical examinations. Laboratory tests of Set A, Set B and Set C as well as vaccines will be out of pocket.

The will be priced a including certain laboratory tests but with a cap. Mr. B. Go inquired as to the price of a Set A Lab cost which was confirmed to be at

Mr. Argos noted that this was tied to the BCG cost model exercise last year where the base load and fixed cost were loaded to corporate, and the variable cost per second was actually at

The was then priced at which will have both unlimited Set A Lab Tests and any 3 of the more advanced diagnostics & imaging i.e., ultrasound, 2D Echo, treadmill and CT scan. Any Set B and C laboratory tests will be out of pocket.

The market that was aimed to be tapped for was expected to be at around for laboratory and ancillary service providers, outpatient consult & care providers, and outpatient services in hospitals.

There is an opportunity for MHSI to go beyond current cost savings and capture revenue from the growing private spend.

Mr. Buenaventura raised a question as to the availability of "any 3 advanced diagnostics" for . He inquired whether such service was unlimited. Mr. Hernandez confirmed that the service shall be capped at 3.

He further inquired whether the competitors also limited the availment of their own clinics. Mr. Hernandez confirmed that did not allow external clinics.
It was discussed that this initiative should be exclusive to PCCs for now.

The "preferential rates" were also confirmed to be the same across all products. Further, the price of was confirmed to be a increase from Gold. Mr. Argos added that there will be no VAT for since the same will be under MaxiHealth.

Mr. Buenaventura emphasized the need of confirming whether selling the is VAT-exempt because it was directly involved in providing medical service. Mr. Argos confirmed that they were able to validate its VAT-Exempt status. This was the reason why the figures in the consult for the medical services were explicitly stated.

Mr. Hernandez further reported on the initial target for the new , which was aimed to be a membership card sales.

For , the cheapest product, the sales mechanism will focus on online stores and agent channels. Mr. Hernandez stated that they have placed a 5% commission rates for this variant and 10% for Access and & Elite.

The objective was to make the agents sell more of the expensive products.

Mr. Buenaventura inquired whether PCCs were not enabled to accept payments. Mr. Argos confirmed that payments were all digital.

Mr. Hernandez reported on the PCC staff role as follows:

The New Go-To-Market Strategy was reported as follows:

With the new product, the goal was to give the market the freedom to choose. The should stand out by embracing a lifestyle-driven approach for the product.

The idea for the campaign was further reported as follows:

Mr. A. Go instructed that he would like there to be a big screen wherein everything shall be

In response to Ms. Go's query regarding the advertisement, Mr. Hernandez responded that the branding is since MaxiHealth has a Sales and Distribution Agreement with Maxicare. The team has also consulted with legal regarding the advertisement's compliance with rules and regulations.

Mr. Macasaet asked if there can be one advertisement in Mr. Hernandez responded that there will be materials.

The specific sub-segments within the corporate segments have been identified as follows:

The key visual for Prima was presented as follows:

For the internal ecosystems, certain products and communications will also have to be identified to address the personalized messaging for target markets:

Mr. A. Go emphasized the need for addressing the . He mentioned that there can be a for this that will have a corresponding system to of the client when they avail of the services. Ms. Victoria explained that they can address this by requiring pre-registration prior to registration at the kiosk so that the can be included.

Additionally, the MaxiHealth PCC drive was explained as follows:

Mr. Hernandez explained that the strategy is will be used as well as CRM[24] (i.e. the member will not be messaged if he/ she is not in a specific location such as 5km away from a PCC). On ground activations shall likewise be made especially when sales in the PCCs commence.

[24] CRM: Customer Relationship Management.

Mr. Ivan Lalucis ("Mr. Lalucis") reported on the profit and loss ("P&L") for the new

For 2025, the new was projected to be a key contributor to the overall profit among the product variants while the variant would lead to a higher margin for OOP[25] services revenue.

For the variant, the income will be derived from 2 activities:
and The sale of a card will be on a deficit, that was why the CM was at 16% because the variant of the card will leverage on the OOP service since the only free service was consultation, and everything else would have to be paid by the patient.

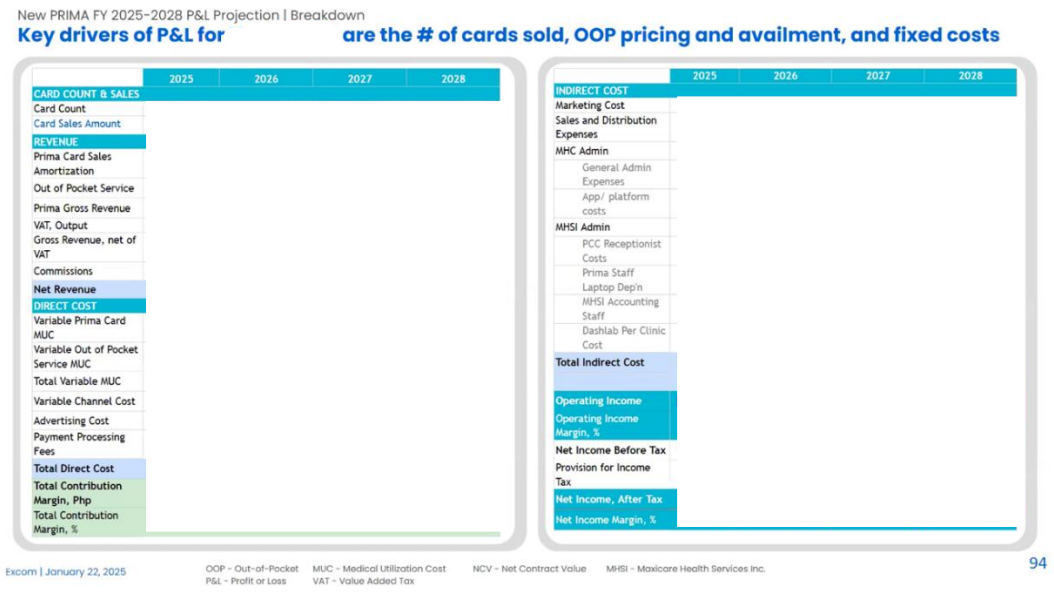
[25] OOP: Out-of-Pocket.

The patient will then have access to the commonly-availed services which are: Lab Test A, ECG, Ultrasound and X-ray.

For the variant, considering that there were free services, the CM of the card itself will be at 47%, and the OOP service will be at 53%.

As to the variant, the only services or items that would be paid for were laboratory and other doctor special procedures. As such, the CM for the card itself will be at 37%, and the OOP service will be for 44%, which will result to a blended CM of 38%.

In 2025, cards are expected to be sold, with a figure of 39%, which is expected to grow to cards by 2028.



Mr. Lalucis mentioned that there would only be small investment in CAPEX since most of the requirements for this product will use existing capabilities.

Looking at 2025 and moving forward, the expected CM will be at around 36% considering the mix of the cards that would be sold, and that would be a jump from the current deficit of 50% of the premium. The financials for the next succeeding years will have a bottom line of around 12% of net income after tax.

Mr. A. Go noted that this was a very good report.

Mr. A. Go also inquired whether OFWs[26] have been taken into consideration, because a lot of income may be sourced from their medical needs.

[26] OFW: Overseas Filipino Worker

Mr. Hernandez responded that the concept of selling overseas, particularly in Singapore was explored. Mr. A. Go instructed to consider the entire Southeast Asia region.

Mr. Hernandez reiterated that the Corporation would have a negative 5% on year 1 because of the GTM[27] costs.

Mr. B. Go asked: (1) if the volume exceeds, was it expected that Maxicare would break even faster; and (2) whether there would be any capacity concerns for such. As to the first question, Mr. Lalucis responded that yes, breakeven would be faster. On the other hand, as to the second question, a 25% increase in volume can be accommodated by the current capacity. Hence, distribution as a factor (i.e. more people buying the basic PRIMA rather than the more expensive ones) plays a key role in breaking even.

E. IT Roadmap

The Maxicare High-Level Technology Roadmap was presented by Ms. Grace Aglubat ("Ms. Aglubat"). The illustration below shows the current state of Maxicare's high-level technology:

She explained that this is structured into 3 layers:

She similarly presented the 2025 roadmap as follows:

[27] GTM: Go To Market

Mr. A. Go requested for a monthly status report, which should include the date and expectations for each month.

Ms. Aglubat then presented the following table for the high-level timeline of the implementation timeline:

Mr. A. Go asked for the date when all the team's hardwork will be seen. Ms. Aglubat responded that this would be in July 2025. She elaborated that for 1 July 2025, corporate accounts and SME would be covered. Mr. A. Go requested for the monthly progress reports so that the 1 July 2025 Go-Live Date may be tracked.

Ms. Victoria also explained that pursuant to the implantation of , there would be a Change Management Plan that would provide orientation on the system. In response to Mr. A. Go's question, she mentioned that it was still too early to compute for repurposing. Mr. A. Go emphasized that he would like to know the number of transactions and type once Oracle was implemented in relation to the repurposing of individual roles.

Ms. Go also clarified where IF[28] shall fall under the above table. Mr. Argos responded that this will be included in the Go-Live slated for 1 November 2025 together with Consumer, ASO and Hybrid accounts.

Mr. A. Go instructed that the team should ensure that would not have to be paid at the same time. He likewise clarified when complete migration would occur to which Ms. Aglubat replied that it would be on

Mr. Argos noted that the Go-Live dates do not refer to commencement dates but on completion dates.

Mr. A. Go also requested for information on the recent services that will be implemented especially for corporate accounts, and how refunds will be done.

VI. ADJOURNMENT

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

[28] IF: In-Family

Prepared by:

ATTY. MARY ZOELLI R. VELASCO
Assistant 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