



GREAT LEAPS:
CHARTING THE
FUTURE OF
PHILIPPINE HEALTH CARE

ANNUAL REPORT 2014

VISION

*"Bawat Pilipino, Miyembro,
Bawat Miyembro, Protektado,
Kalusugan Natin, Segurado"*

MISSION

*"Sulit na Benepisyo
sa Bawat Miyembro,
Dekalidad na Serbisyo
para sa Lahat"*

CORE VALUES

*Inobasyon
Serbisyonang Dekalidad
Lubos na Integridad
Angkop na Benepisyo
Panlipunang Pagkakabuklod
Ganap na Pagkalinga*

COVER STORY

In its 19th year, PhilHealth looks forward to what the future holds for the Philippine health care system. The Corporation's focus is on the three powerful mechanisms to revolutionize the country's health insurance system – innovation of new services, improvement of the current system, and promotion of the Corporation's efforts to the public.

By providing benefits for compromising and financially debilitating health conditions such as the Z Benefit Packages, as well as modernizing membership and simplifying application process to accommodate the rest of the Filipino population, the Corporation sets its sails towards a stronger and more potent force in achieving Universal Health Care.

This is the governing idea for the theme of the 2014 Annual Report, entitled Great Leaps: Charting the Future of Philippine Health Care. Images of Filipinos that have benefitted greatly from the Corporation's portfolio of health care packages adorn the cover of the annual report. The circular motif adopted by the design symbolizes the organic and holistic growth instituted within the organization. The image of the jumper personifies PhilHealth's thrust in ensuring that every Filipino benefits from Universal Health Care coverage.

The graphic features a blue hexagonal badge at the top right containing the title. Below it, a series of blue horizontal bars of varying lengths are arranged in a descending staircase pattern from top-left to bottom-right. Each bar contains a page title in white italicized font and a page number in a yellow circle on the right. The background consists of a blue and green abstract design with a silhouette of a person in motion on the left and a yellow and white curved shape at the bottom.

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From the President of the Philippines

A country's progress is fueled by health, dynamic, and productive citizenry. The Philippine Health Insurance Corporation plays an instrumental part in nation-building, for it ensures that the everyday Filipino is equipped to weather medical emergencies.

This administration counts your agency among our staunch partners in the straight and righteous path to progress. The insurance you provide our people is invaluable, addressing the vulnerabilities of your member-stockholders through a mechanism that is both sustainable and equitable.

I thank you for your hard work in helping ensure that our country is not derailed in its journey towards greater social inclusiveness. I exhort you to continue striving to provide quality service to your fellowmen by working towards bettering your systems and processes, and expanding your coverage to the broadest spectrum of society. May this year give you more opportunities to bring pride in the Philippines, so that together, we may build a nation that we can proudly bequeath to future generations.



BENIGNO S. AQUINO III
President
Republic of the Philippines



From the Board Chairperson

Year 2014 was an auspicious year for the Philippine Health Insurance Corporation, a year that bore much fruit from seeds of years previous when policies set enhanced responsiveness of the National Health Insurance Program. Considering these impressive accomplishments and encouraging progress in coverage and benefit delivery, it was indeed a productive year.

In 2014, we exceeded targets in expanding PhilHealth coverage. Additional fiscal space from implementation of R.A. 10351 (Sin Tax Law) enabled enrolment of 14.7 million poor families, which virtually included all families under the National Household Targeting System. We also had better than targeted results in enlisting NHTS beneficiaries to primary care providers, and in ensuring no out-of-pocket cost among indigent patients confined to government facilities through the Sponsored Program.

As part of the country's commitment to Universal Health Care, or Kalusugan Pangkalahatan, financial risk protection through the NHIP significantly influenced the Department of Health's work in improving access to quality facilities and services. In 2014, more health facilities in cities, municipalities and barangays were accredited for PhilHealth's primary care benefit, maternity care and TB-DOTS packages. These gains are contributing to meeting our targets such as in pregnant women delivering in facilities, and TB detection and treatment success rates.

As PhilHealth anticipates its milestone 20th year on 2015, there is much cause to celebrate, and at the same time rally fellow directors, officers and staff, and partners to sustain the momentum. Challenges remain such as in providing more relevant and responsive benefit packages with meaningful financial support value while PhilHealth remains financially stable to deliver its mandate. We offer congratulations, and we also dare to collectively strive to overcome challenges and achieve optimal health for all.

Mabuhay Tayong Lahat!


JANETTE P. LORETO-GARIN, M.D., MBA-H
Secretary of Health
Chair, PhilHealth Board of Directors



From the
President
& CEO

Ang taong 2014 ay puno ng positibong kaganapan na lubos na nagpakilala ng mahalagang papel na aming ginagampanan sa larangan ng kalusugan ng bawa't Pilipino.

Parang kailan lang nang ipatupad ang bagong batas ng National Health Insurance Program (NHIP) kung saan maraming pagbabagong inilunsad, hindi lamang sa usaping benepisyong miyembro, kundi pati na rin sa pagpapatatag ng PhilHealth bilang isang institusyon. Nadagdagan ang mga paraan ng pagpaparehistro para sa mga dating hindi kwalipikadong maging miyembro ng PhilHealth, ngayon bata man o matanda, ay kasali na sa programa. Pinakamahalaga din na kaakibat nito ay ang pagdami ng mga pagamutan, ospital man o hindi, na maaaring mapuntahan sa panahon ng pangangailangan.

Bago natapos ang 2014, sinusugan ng PhilHealth ang batas na naglalayong gawing miyembro ang lahat ng senior citizens sa ating bansa sa pamamagitan ng isang polisyang para sa awtomatikong pagsasakop sa mga kababayan nating kabilang sa sektor na ito. Isa lamang ito sa mga hakbang na tinahak ng PhilHealth bilang patunay na seryoso at tapat ang aming hangarin upang makamit ang ating minimithing Kalusugang Pangkalahatan sa lalong madaling panahon.

Ipinatupad din ang mas malawak na benepisyong nagbigay kabuluhan para sa mga miyembro ng PhilHealth at kanilang dependents. Nadagdagan ang listahan ng mga kundisyong medikal sa ilalim ng case rates sa mga ospital at inayos at itinama ang halaga ng mga piling case rates sa mga pasilidad ng kalusugan. Isang napakahalagang benepisyong aming ipinatupad ngayong taon ay ang pagbabayad sa mga medical device o aparato para sa mga piling orthopedic surgeries sapagka't alam natin na ang halaga ng mga aparato na ikinakabit ay nagtatala ng pinakamalaking porsiyento na binabayaran ng mga pasyenteng nangangailangan ng orthopedic implant.

Tunay nga na ang 2014 ay taon ng mga "pinakauna" sa PhilHealth. Kumbaga sa puno, ang PhilHealth ay hitik na hitik sa bunga at ito ay tinumbasan namin ng mga simulaing lalong nagpatatag sa aming institusyon. Kalagitnaan ng taon, buong puso naming tinanggap at sinimulang ipatupad ang PhilHealth Social Health Insurance Management System (PSHIMS) upang mapanatili ang lebel at kalidad ng serbisyong aming inihahandog sa aming mga miyembro. Ito ang dahilan upang maigawad sa atin bago matapos ang taon ang ISO 9001:2008 Certification para sa maayos na pagpapatupad ng Quality


Management System. Ang ISO Certification ay isang patunay na ang PhilHealth ay lalong mapagkakatiwalaan dahil sa adhikain naming ipagpatuloy ang mas maayos na pagpapatupad ng mga sistema sa loob ng opisina, at ang mga miyembro ay nasisiyahan at nakokontento sa uri ng serbisyong handog ng PhilHealth.

Kaugnay nito ay ang karangalang nakamit namin mula sa Komisyon ng Serbisyo Sibil ngayong taon kung saan ang kanilang report card survey ay nagsasabing 47.83 porsiyento sa 138 na frontline units na siniyasat ay nakakuha ng "excellent" rating samantalang ang LHIO Catbalogan ay ginawaran ng "Seal of Excellence" ng nasabing ahensya. Kaya naman isang malaking karangalan at lubos naming ipinagmamalaki na isa ang PhilHealth sa limang ahensiya ng gobyerno na ginawaran ng 2014 ARTA Breakthrough Agency Award dahil sa aming isinasapusong pangako na mabigyan ng tuloy tuloy na kaginhawaan at maayos na serbisyo ang ating mga kababayan tuwing sila ay nakikipag-ugnayan sa ating mga tanggapan saan man sila naroroon.

Sa lahat ng mga ito, ako ay naniniwala na ang pinakamatibay na patunay sa aming patuloy na pagsusumikap at pagpupursige ay ang "excellent" satisfaction rating na iginawad sa amin ng aming mga miyembro sa pamamagitan ng isang survey na isinagawa ng isang mapagkakatiwalaang survey firm para sa taong ito.

Kami po sa PhilHealth ay naniniwalang sapat ang aming ibinibigay na proteksyon laban sa mataas na halaga ng gastusing medikal. Kapag sa aming miyembro na mismo nanggaling ang mga katagang sila ay lubos na nasiyahan sa iginawad naming serbisyo, alam naming nagampanan na namin ng mahusay ang aming tungkulin. Kaya naman ako ay nagagalak at lubos na nagpapasalamat dahil hindi posibleng mangyari ang lahat ng ito kung hindi dahil sa sipag, paninindigan at suporta ng aking mga kasama sa PhilHealth.

Dahil sa pinahusay na lingkod-bayan sa taong 2014, nais kong batiin at pasalamatang ang Team PhilHealth. Job well done! Ipagpatuloy po natin ito.


ALEXANDER A. PADILLA
Pangulo at Punong Tagapagpatupad

HIGHLIGHTS OF PHILHEALTH'S 2014 ACCOMPLISHMENTS



NHIP Coverage

Sector	Members	Dependents	Beneficiaries
Members in the Formal Economy	13.0	14.0	27.0
Members in the Informal Economy	3.4	4.0	7.4
Indigents	14.7	29.0	43.7
Sponsored Members	0.8	1.3	2.1
Senior Citizens	3.5	0.8	4.3
Lifetime Members	0.9	0.7	1.6
Total	36.4	49.8	86.2

Notes:

Figures are in millions.

The projected population for 2014 (99.6M) used in the estimation of coverage rate is based on the 2010 census by NSO (medium assumption; annual growth rate = 1.9)

- At the end of the year, almost nine (9) out of ten (10) Filipinos were covered by PhilHealth. This translates to 86.2 million members and their qualified dependents or 87% of the entire population that are entitled to avail of benefits under the National Health Insurance Program (NHIP).
- The Indigent Program constitutes 40% of the total members, while members under the Formal Economy comprising mostly of the employed sector (government and private) comprises around 36% of the total covered members. While members under the Informal Economy and Sponsored are 9% and 2% respectively. Members aged 60 years old and above registered under Senior Citizens and Lifetime accounted for 13%.
- The 14.7 million poor households identified through the National Household Targeting System for Poverty Reduction (NHTS-PR) of the Department of Social Welfare and Development (DSWD) were covered by the NHIP under the Indigent Program along with 29 million dependents.
- In addition, 3.5 million Senior Citizens were included as members and provided with mandatory coverage. This was a result of the passage of R.A. 10645 otherwise known as the "Expanded Senior Citizens Act of 2010".

- On a regional basis, 13% of the total NHIP beneficiaries are from the National Capital Region (NCR). Western Visayas and the Bicol Region have the highest enrollment under the Indigent Program.

Premium Collections

- PhilHealth collected more than P81 billion from January to December 2014, 43% higher than the figure of the previous year. The increase was mainly due to the amount collected from the National Government as a result of the 14.7 million NHTS-PR families covered in 2014.

Sector	Amount (in P millions)
Formal Economy	36,985.65
Informal Economy	5,045.22
OFW	2,521.63
Indigents	34,183.72
Sponsored Program	2,710.46
Total	81,446.68

Source: Financial Statement

- The Formal Economy contributed the largest share of total premium payment at 45%. Premium payment for Indigents comprises 42% of the total income from premium contribution.

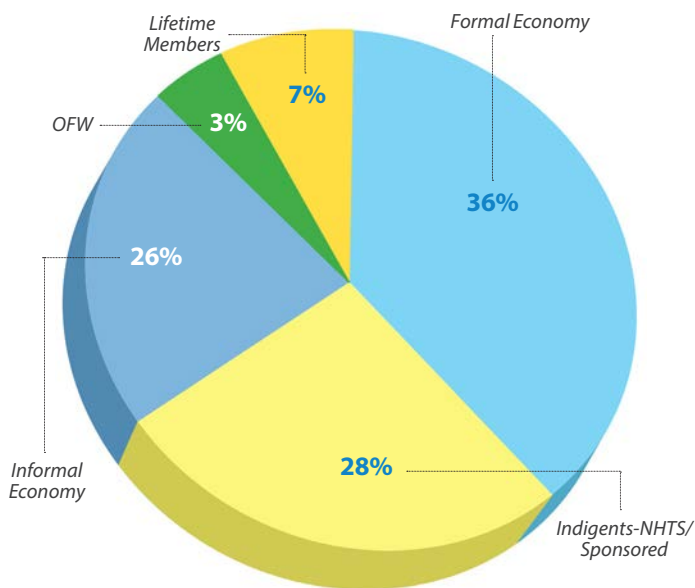
Benefit Payments

Sector	Benefit Payment (in P millions)	% to Total Benefit Payment
Formal Economy	26,644.44	34%
Informal Economy	19,309.93	25%
OFW	1,250.06	2%
Indigents- NHTS/ Sponsored	25,359.05	32%
Lifetime Members	5,611.94	7%
Total	78,175.42	100%

Source: Financial Statements

- PhilHealth paid more than P78 billion as benefit payment in 2014. The amount is 41% more than what was paid from the previous year.
- Benefit payment for Indigents increased by 42% compared from the previous year.
- The implementation of the All Case Rate Payment Scheme simplified claims processing with an average Turn-Around-Time (TAT) of 39 days.

Number of Claims Paid By Sector



Source: Oracle claims database based on check date extracted 1/9/2015.

- The total number of claims paid from January to December 2014 was 6.6 million. This figure is 14% higher than 2013.
- Distribution by sector shows that 36% of the total claims paid were from the Formal Economy. NHTS/Sponsored came in second at 28%. Informal Economy, Lifetime, and OFW accounted for 26%, 7% and 3%, respectively.

Accreditation

Health Care Providers and Health Care Professionals

- The continuously increasing number of PhilHealth-accredited health care providers ensures greater access to quality health care. By the end of 2014, PhilHealth accredited 9 out of 10 hospitals licensed by DOH. In addition, 2,438 RHUs and health centers were accredited as Primary Care Benefit Package providers, while providers for MCP and DOTS package number 2,645 and 1,654, respectively.

Provider	Accredited
Hospitals	1,137
Primary Benefit Package Provider	2,438
Freestanding Dialysis Clinics	163
Maternity Care Package Provider	2,645
DOTS Package Provider	1,654
Professionals	33,327

Source: HFPS-HIS & Accreditation Dept.

- Of more than 33,000 accredited health care professionals, 48% are medical specialists.
- On LGU participation, ninety-three (93%) have at least one PCB provider, 71% at least one MCP provider and 75% have at least one DOTS Package provider.
- The Corporation also enhanced the process of engagement with health care providers to better improve access of Filipinos to quality health care. Under the new engagement process, PhilHealth will grant automatic accreditation to all hospitals licensed by DOH, government-owned facilities and government-employed health care professionals. All institutional health care providers shall sign a Performance Commitment or a contractual engagement with the Corporation.

2014 AT A GLANCE



A Year of Great Leaps

PhilHealth had a new approach for their 19th year which was geared towards providing universal healthcare to all Filipinos from different walks of life.



The year 2014 was jump started with the full implementation of the “ALL CASE RATE” payment mechanism when reimbursing payment for health care providers and professionals. Taking off from the initial case rates for 23 top most medical and surgical cases, we now have package rates for every conceivable condition. Previously claims reimbursement varies depending on the category of sickness and type of hospital. In implementing the new scheme, members will now know

the exact rate of their benefits from PhilHealth, regardless of the level of hospital whether public or private. Members can now even determine the benefit payment for illnesses and procedures using the available inquiry at the PhilHealth website, making the benefits easier to communicate and promoting transparency.

On its 19th year, PhilHealth intensified its effort to fulfill its mandate by delivering comprehensive quality healthcare. From continued enhancements of benefit packages to game changing innovations in its business process, PhilHealth has constantly found ways to address the health care needs of its members all over the country.

PhilHealth@19: Celebrating Giant Strides in Universal Health Care

February had been a busy month for PhilHealth as it celebrated its 19th year as a state run agency mandated to administer the National Health Insurance Program (NHIP).

The Corporation traces its origin to the pivotal signing of the Republic Act 7875, or the creation of the National Health Insurance Program. This law was signed by then President Fidel V. Ramos on February 14, 1995, the creation of a rationalized health care system necessitated the need for an implementing body, by which PhilHealth came into being.

The Corporation has grown by leaps and bounds since its initial conception. PhilHealth now has become more invigorated with the amendment of its mandate in RA 10606, or the National Health Insurance Act of 2013, bringing quality and affordable health care to all.

The Corporation also led the observation of the NHIP month. Institutionalized by the Presidential Proclamation No. 1400 in 2007, the celebration allows for government agencies, local government units, government-owned and controlled corporations, government financing institutions, the media and other stakeholders to stimulate public awareness on the issues involving social health insurance.

As PhilHealth marked its 19th year anniversary with the theme “Benepisyong PhilHealth: Alamin at Gamitin” it zoomed in on what really matters, and that is to make sure that its members are kept abreast of their benefits and privileges, and are able to use and maximize them when the need occurs. To kick things off, PhilHealth spearheaded two (2) events to campaign member empowerment.

ALAGA KA para sa maayos na buhay

Compliant with the “no one gets left behind” thrust of universal health care, the ALAGA KA Para sa Maayos na Buhay or ALAGA KA program is a multi-sectoral campaign involving PhilHealth, DOH, DSWD, LGUs and other stakeholders in the health and social sectors. ALAGA KA is aimed at providing indigent members the proper know-how of their benefits and privileges as PhilHealth members and on how to avail basic services at their assigned rural health units and health centers.

The advocacy converges the resources of different government entities to better serve the most vulnerable sector of society, as identified by the Department of Social Welfare and Development (DSWD) through the National Household Targeting System (NHTS) for Poverty Reduction, or *Listahanan*.

The program was launched last March 24, 2014 at the Quezon City Memorial Center with no less than President Benigno S. Aquino III as the special guest. The launch was also the first of many road show events that would bring the ALAGA KA campaign closer to the people that need it most.

Approximately 1,600 indigent members, accompanied by healthcare representatives from the 16 cities and one municipality of Metro Manila, availed themselves of Primary Care Services under the TSeKaP program which were made available on site as one of the highlights of the launch.

The program aims to disseminate information about the healthcare benefits and privileges to the country’s 14.7 million poor or near-poor families, providing them with life-changing knowledge in times of emergency.





TSeKaP: A Commitment to Well-Being

To address sickness early on and advocate disease prevention to entitled members including their qualified dependents and strengthen the gate-keeping of primary care facilities which would allow tertiary hospitals to maximize their resources on complicated cases. This is the rationale behind the rebranding of the Corporation's Primary Care Benefit Package (PCB 1) into the TSeKaP Program, or the Tamang Serbisayang Kalusugang Pampamilya.

Disease prevention services have been part and parcel of PhilHealth's goal to boost the health and well-being of Filipinos, ever since the first out-patient program was introduced in 2000. The TSeKaP Program is PhilHealth's revitalized response to the growing primary care needs of its members, initially targeting beneficiaries under indigent, sponsored and organized groups; and land-based OFWs.

TSeKaP consists of essential health services aimed at prevention and early detection of diseases, as well as interventions for healthy living. It includes consultations, visual inspection with acetic acid, regular blood pressure monitoring, periodical breast examination, and health promotion like education on breastfeeding, counseling on lifestyle modification and smoking cessation.

Preventive services also cover body measurements and digital rectal examination while diagnostics such as complete blood count, urinalysis, fecalysis, sputum microscopy, fasting blood sugar, Lipid profile and chest X-ray are also available upon the recommendation of an accredited physician.

A total of 2,482 outpatient clinics covering at least 93 percent of all cities and municipalities in the country have been accredited as TSeKaP providers. From its existing beneficiaries which include indigent and sponsored members, members of organized groups and land-based OFWs, the program is being extended to employees of the Department of Education (DepEd) in 2013 and in due time will be extended to other member categories as well.

All Case Rates Search Engine: Providing Compensation Transparency

To make the All Case Rate Scheme more accessible to its members, PhilHealth launched the All Case Rate Search Engine on its website, where both members and non-members can search the rates for every compensable medical or surgical case.

Visitors can type in the case of their choice on the right side of the corporate website homepage www.philhealth.gov.ph. Users have a choice to search by case, or by codes provided by the International Statistical Classification of Diseases and Related Health Problems Tenth Edition (ICD 10), or by the Relative Value Scale (RVS) to show the range or case rates.

The web application provides for the full description of the case, breakdown of fees/rates being paid by PhilHealth to accredited health institutions and specialists, available facilities for specific cases, and even compensation for second case rates.

The PhilHealth website also offers information modules such as e-registration for non-members, as well as the Electronic Premium Reporting System (EPRS) to allow employers to post their employees' real-time contribution.





No Balance Billing Policy: Empowering the Vulnerable Sectors

PhilHealth believes that health is a universal right and not a privilege. Thus, it upholds its staunch commitment to protect the most vulnerable sectors of society from financial ruin due to illness or disability by imposing a No Balance Billing (NBB) Policy for ward accommodation in government hospitals all over the country.

The NBB Policy allows Sponsored, and Indigent members, as well as kasambahays as defined under the Kasambahay Law, to no longer pay any amount beyond what PhilHealth pays once admitted in ward-type accommodation in government hospitals, as stated under PhilHealth Circular No. 03 s-2014.

The government has decided to invest in the poor. From P5 billion in 2012, it has now allotted P35.3 billion pesos to cover the country's poor and near poor individuals and their qualified dependents. The No Balance Billing Policy will give them a valuable safety net to ensure financial protection while allowing them access to adequate health care which they might not have had before without the government's help.

Continued Expansion of the Z Benefits: Giving Members a New Lease in Life

For this year, PhilHealth further expanded its Z Benefit menu to cover Peritoneal Dialysis or PD First for End-stage Renal Disease (ESRD). The PD First Package is inclusive of PD solutions and accessories. The number of exchanges ranges from 90 to 120 bags per month based on the PD prescription, and includes from 90 to 120 caps per month, according to the number of prescribed monthly exchanges. It also covers for the professional fee of attending physician with whom the PD patient must consult with every month. Through the PD First Z Benefit Package, PhilHealth aims to provide total coverage for renal replacement therapy to help improve the quality of life of diagnosed ESRD patients in the country.

To follow-up on the success of the Z MORPH Package in 2013, PhilHealth launched its latest benefit packages to provide coverage for the following selected orthopedic implants such as total hip prosthesis (cemented and cementless), partial hip prosthesis, implants for hip fixation, pertrochanteric fracture, proximal femoral locked plate and femoral shaft fracture.

In addition, PhilHealth reached another milestone when it formally signed an agreement with the University of the East – Ramon Magsaysay Memorial Medical Center (UERMMC) for the latter to be the first privately contracted hospital to provide prosthetic services for qualified members who had one or more limbs removed by amputation.





Z Benefits

2012 (Initial implementation)	Package Rate
Acute Lymphoblastic Leukemia in Children (Standard Risk)	P 210,000
Breast Cancer (early stage)	P 100,000
Prostate Cancer (low to intermediate risk)	P 100,000
Low Risk Kidney Transplantation	P 600,000
2013 (Z Benefits expansion)	
Elective Surgery for Coronary Artery Bypass Graph (CABG)	P 550,000
Tetralogy of Fallot (TOF) or "Blue Baby Syndrome"	P 320,000
Ventricular Septal Defect (VSD)	P 250,000
Cervical Cancer (stage IIIB)	
Low dose	P 120,000
High Dose (Linear Accelerator)	P 175,000
Z MORPH	
Right limb	P 15,000
Left limb	P 15,000
Both limb	P 30,000
2014 (Z Benefits expansion)	
Selected Orthopedic implants	
Total Hip Prosthesis (cemented)	P 103,400
Total Hip Prosthesis (cementless)	P 169,400
Partial Hip Prosthesis, bipolar	P 73,180
Multiple screw fixation (MSF)	P 61,500
6.5mm cannulated cancellus screws w/ washer	
Compression Hip Screw Set (CHS)	P 69,000
Proximal Femoral Locked Plate (PFLP)	P 71,000
Intramedullary Nail with Interlocking Screws	P 48,740
Locked Compression Plate (LCP) -	P 50,740
Broad/Metaphyseal/Distal Femoral LC	
Peritoneal Dialysis (PD First Package)	P 270,000 (per year)
	P 10,384.60 (per tranche)

Expansion of the Point of Care Enrollment Program

Launched in November 2013, Point of Care (POC) enrollment program was initially implemented in 88 hospitals nationwide. The scheme became an effective mechanism in providing coverage particularly to patients from the C3 to D segments of the population. Benefiting under this program are those who are confined in the government or LGU-owned hospitals that are either non-members or existing members but lacking in qualifying contributions.

Under the POC, patients who are not currently PhilHealth members or members without qualifying contributions are assessed. They should be able to pass the medical social worker's assessment before being enrolled as a Hospital Sponsored Member (HSM). Once a patient has been qualified and is enrolled as HSM, he/she is automatically granted PhilHealth coverage starting on the first day of confinement up to the end of the calendar year with the health facility shouldering the annual premium contribution of P2,400 per member.

HSMs can also avail of both inpatient and outpatient benefits (except primary care), as well as being entitled to the NBB Policy when confined in government hospitals.

As of December 2014, 264 hospitals consisting of 59 DOH-retained, 202 LGU-owned and two (2) state university-owned hospitals have participated in the program. From the initial 73,107 beneficiaries, the program has now provided coverage to 157,022 members.





Mandatory Coverage for Women about to Give Birth: Supporting the Miracle of Life

PhilHealth supports the need for women to give birth in facilities with adequate equipment and competent health staff who can take care of the mothers and their newborns.

PhilHealth sustains this endeavor through its issuance of Circular No. 22, series of 2014, which grants social health insurance coverage for women about to give birth, enabling them to avail of health care services in accredited institutions.

Previously, the Maternity Care Package (MCP) and the Normal Spontaneous Delivery (NSD) Package are based on whether the services were provided in hospitals (NSD Package) or non-hospitals (MCP). With the focus moving towards health services that must be given to pregnant mothers during pregnancy, the definitions to the benefit packages has changed to health services being provided rather than the facility where it shall be provided.

MCPs now provide coverage from pre-natal to post natal care, provided that conditions are met by the expectant mother. Pregnant women are required to visit their PhilHealth accredited facility and consult with a health care provider for the four required prenatal consultations.

NSD Packages are now designed to encourage normal low risk deliveries in birthing homes and maternity clinics, to provide expectant mothers with normal, natural birth in a safe environment.

Expectant mothers aspiring to avail of these packages should update their membership profile and pay the required premium contributions, if necessary. Pregnant women with no qualifying contributions but qualified under the Point of Care scheme shall be enrolled accordingly and shall be considered a Hospital Sponsored Member.



Mandatory Coverage for Senior Citizens: Securing the Health and Well-Being of the Country's Elderly

In November 11, 2014, President Aquino signed into law RA 10645, or the "Mandatory PhilHealth Coverage for All Senior Citizens". The law is an amendment to the senior citizen act that removes the requirement of a senior citizen to be an indigent before being covered by PhilHealth.

The law gives the country's estimated 6.1 million senior citizens full access to all member benefits provided by PhilHealth. Our Senior Citizens now need only to provide their senior citizen cards, or any accepted proof of identity and age, to any accredited health care facility with a Health Care Information Portal to fully avail of member services.

The coverage greatly affects senior citizens who are not currently enrolled under any PhilHealth program either as a Lifetime Member or under the Sponsored/Indigent Program. Premium contributions of senior citizen members are sourced from the proceeds of the Sin Tax Law.

The Senior Citizen category is for senior citizens who were not yet issued with a PhilHealth Identification Number (PIN); a member in the formal or informal economy but has no qualifying premium contribution to be entitled to PhilHealth benefits; not an identified indigent under the National Household Targeting Systems for Poverty Reduction (NHTS-PR) or Listahanan of the Department of Social Welfare and Development (DSWD); not a current Sponsored Program Member; not yet qualified as a Lifetime member; and a qualified dependent of an NHIP member who has been in PhilHealth's membership database.

Incidentally, the Senior Citizen category is not the same with the Lifetime Members category since LMP members need not pay any additional premium contribution to avail of the benefits since they have already complied with the 120 monthly contributions prerequisite prior to their retirement while the Senior Citizen category have premium contributions which are being paid from the proceeds of the Sin Tax Law.

Coverage for Parents below 60 years old with Permanent Disability:

PhilHealth further widened its coverage by allowing parents of primary members below 60 years old and is suffering from a permanent disability to become a qualified legal dependent. A member only needs to submit the PhilHealth Member Registration Form as well as a medical certificate issued by an attending physician with details and extent of disability to qualify.

Additionally, a parent below 60 years old currently admitted to any health care facility that resulted to permanent disability can be declared immediately as a dependent, pending the submission of the required documents to any PhilHealth office for evaluation.

Coverage of Foster Child as Qualified Dependent: Securing the Future Health of Foster Children

Also, foster children can now be declared dependents of their foster parents, upon submission of the Foster Family Care License and Foster Placement Authority coming from the Department of Social Welfare and Development.

The child remains a dependent of the foster parents until any of the conditions are met: the last day of the validity date of the Foster Family License, the expiration of the Foster Placement Authority, until the foster child's return to his/her biological parents, or until the child is placed for adoption.

Bangsamoro Families Now Covered under PhilHealth

As of December 31, 2014, a total of 11,238 families in Bangsamoro communities were enrolled as Sponsored Members under PhilHealth's National Health Insurance Program (NHIP) through the Sajahatra Bangsamoro Program (SBP).

The said Program, which means "Peace in Bangsamoro", allows targeted families not included in the Listahanan of DSWD to avail the full benefits of NHIP as Sponsored Members, such as all case rates, NBB and PCB packages, among other benefits. Initially, the members shall be enrolled for a two-year period with provisions for renewal for the succeeding years.

The initial launch of SBP last Feb 11, 2013 in Darapanan, Maguindanao saw 32 PhilHealth Number Cards (PNCs) and Member Data Records (MDRs) handed out to targeted members. On Aug 22, an additional list of 3,647 enrollees was endorsed to PhilHealth, and by end of 2013, a total of 3,698 Bangsamoro families were enrolled under SBP with a budget of P4.472 million. By December 2014, the number of enrollees increased by 67%. These include those whose memberships were renewed earlier in January 2014.



The SBP is a result of the Framework Agreement on the Bangsamoro (FAB), which aims to provide lasting peace in Mindanao by uplifting the lives of its residents through health, education and livelihood programs.

Signed last October 17, 2012, the Framework Agreement would allow for an integrated collaboration between the Government of the Philippines (GPH) and the Moro Islamic Liberation Front (MILF) to ensure that the three main components shall be fully provided to the families in Bangsamoro communities which also includes indigenous peoples, Muslim and non-Muslim families.

To further this goal, the Administrative Order No. 37, Series of 2013, created the Task Force Bangsamoro Development composed of various government entities involved in the peace process – which includes the Office of the Cabinet Secretary, Office of the Presidential Adviser on Peace Process, DBM, DSWD, DOH and PhilHealth, among others. The group is assigned to develop projects and programs to respond to the health, education and livelihood needs of MILF's priority beneficiaries.

With the signing of the Comprehensive Agreement on the Bangsamoro in March 27, 2014, the SBP is expected to expand and sustain its coverage to 32,000 families in the area until 2016, with a budget of P76.8 million per year. By the end of June 2015, the SBP will end to proceed to the Normalization Process, which is in preparation to the signing of the Bangsamoro Basic Law (BBL).

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Management of the Philippine Health Insurance Corporation is responsible for the presentation of the financial statements as of December 31, 2014. The Financial Statements have been prepared in accordance with the accounting principles generally accepted in the Philippines.

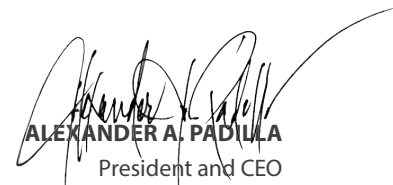
The Financial Statements necessarily reflects amount based on informed judgement and estimates of the expected effects of current events and transactions with an appropriate consideration to materiality.

In meeting our responsibility of our reliability and timeliness of financial information, PhilHealth Management maintains and relies on a system of accounting and reporting which provides for necessary controls to ensure that transactions are properly authorized and recorded, assets safeguarded against unauthorized use or disposition and liabilities are recognized.



GREGORIO C. RULLODA

OIC Senior Vice-President / Chief Finance Executive
Fund Management Sector



ALEXANDER A. PADILLA

President and CEO

STATEMENT OF FINANCIAL POSITION

As at December 31, 2014
(In Philippine Peso)

	Notes	2014	2013 (As Restated)	Increase / (Decrease) Current vs Prior Year
ASSETS				
Current Assets				
Cash and Cash Equivalents	3	38,985,793,198	19,642,921,180	19,342,872,018
Short - term Investments	4	-	8,146,676,362	(8,146,676,362)
Receivables - net	5	3,099,983,712	6,785,213,498	(3,685,229,786)
Inventories	6	58,979,066	50,787,024	8,192,042
Other Current Assets		-	-	-
Total Current Assets		42,144,755,976	34,625,598,064	7,519,157,912
Non-current Assets				
Investments - net	7	100,015,132,230	96,658,391,389	3,356,740,841
Property & Equipment - net	8	1,262,113,702	1,106,581,246	155,532,456
Intangible Assets - net	9	29,357,978	27,643,497	1,714,481
Miscellaneous Assets and Deferred Charges	10	274,015,370	62,367,056	211,648,314
Other Assets - net	11	2,193,813,154	551,711,901	1,642,101,253
Total Non-current Assets		103,774,432,434	98,406,695,089	5,367,737,345
TOTAL ASSETS		145,919,188,410	133,032,293,153	12,886,895,257
LIABILITIES AND EQUITY				
Liabilities				
Current Liabilities				
Payables	12	21,395,788,724	14,542,469,996	6,853,318,728
Other Payables	13	772,073,509	695,502,650	76,570,859
Total Current Liabilities		22,167,862,233	15,237,972,646	6,929,889,587
Non-current Liability				
Other Deferred Credits	14	1,633,293,059	414,284,401	1,219,008,658
Total Liabilities		23,801,155,292	15,652,257,047	8,148,898,245
Equity				
Reserve Fund	15	122,116,576,369	117,378,579,357	4,737,997,012
Contingent Capital	16	1,456,749	1,456,749	-
Retained Earnings	17	-	-	-
Total Equity		122,118,033,118	117,380,036,106	4,737,997,012
TOTAL LIABILITIES AND EQUITY		145,919,188,410	133,032,293,153	12,886,895,257

STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2014
(In Philippine Peso)

	Note/ Schedule	2014	2013 (As Restated)	Increase / (Decrease) Current vs Prior Year
REVENUE	Sch. I			
Premium Contributions	18	81,446,681,122	57,054,296,979	24,392,384,143
Interest and Other Income	19	6,572,208,046	6,698,186,035	(125,977,989)
Total Revenue		88,018,889,168	63,752,483,014	24,266,406,154
EXPENDITURES	Sch. II			
Benefit Payments		78,175,424,807	55,463,811,344	22,711,613,463
Operating Expenses				
Personal Services	20	2,892,976,428	2,811,180,660	81,795,768
Maintenance and Other Operating Expenses	21	2,212,490,921	2,024,446,761	188,044,160
Total Operating Expenses		5,105,467,349	4,835,627,421	269,839,928
Total Expenses		83,280,892,156	60,299,438,765	22,981,453,391
NET REVENUES (LOSS)		4,737,997,012	3,453,044,249	1,284,952,763

DETAILED STATEMENT OF INCOME

For the year ended December 31, 2014
(In Philippine Peso)

	2014	2013 (As Restated)	Increase / (Decrease) Current vs Prior Year
TOTAL PREMIUM CONTRIBUTIONS	81,446,681,122	57,054,296,979	24,392,384,143
Less: Benefit Payments	78,175,424,807	55,463,811,344	22,711,613,463
GROSS MARGIN FROM OPERATIONS	3,271,256,315	1,590,485,635	1,680,770,680
Less: Operational Expenses			
Personal Services	2,892,976,428	2,811,180,660	81,795,768
Maintenance & Other Operating Expenses	2,212,490,921	2,024,446,761	188,044,160
Total Operational Expenses	5,105,467,349	4,835,627,421	269,839,928
NET OPERATING INCOME (LOSS)	(1,834,211,034)	(3,245,141,786)	1,410,930,752
Add: Interest Income			
Treasury Bonds	6,007,424,377	6,068,520,190	(61,095,813)
Special Savings Deposit	455,073,072	511,442,763	(56,369,691)
Savings & Current Deposits	5,248,155	10,659,979	(5,411,824)
Total Interest Income	6,467,745,604	6,590,622,932	(122,877,328)
Add: Other Income			
Accreditation Fees - HCPs	22,305,914	29,846,923	(7,541,009)
Gain (Loss) on Foreign Exchange	15,569	166,538	(150,969)
Gain (Loss) on Disposal of Assets	505,953	114,826	391,127
Fines & Penalties	72,665,919	44,599,551	28,066,368
Income from Grants & Donations	546,480	28,543,589	(27,997,109)
Rent Income	1,128,355	1,235,582	(107,227)
Miscellaneous Income	7,294,252	3,056,094	4,238,158
Total Other Income	104,462,442	107,563,103	(3,100,661)
NET INCOME (LOSS)	4,737,997,012	3,453,044,249	1,284,952,763
TOTAL INCOME	88,018,889,168	63,752,483,014	24,266,406,154

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2014
(In Philippine Peso)

	Notes	2014	2013 (As Restated)	Increase / (Decrease) Current vs Prior Year
RESERVE FUND	15	122,116,576,369	117,378,579,357	4,737,997,012
CONTINGENT CAPITAL	16	1,456,749	1,456,749	-
RETAINED EARNINGS	17			
Balance at beginning of year		-	-	
Adjustment in Retained Earnings		1,735,588,165	(2,863,744,660)	
Prior Year's Adjustments		-	(27,299,891)	
Balance as restated		1,735,588,165	(2,891,044,551)	
Adjustment in Reserve Fund		(6,473,585,177)	(561,999,698)	
Net income for the period		4,737,997,012	3,453,044,249	
Balance at the end of year		-	-	-
EQUITY		122,118,033,118	117,380,036,106	4,737,997,012

STATEMENT OF CASH FLOWS

For the year ended December 31, 2014
(In Philippine Peso)

	2014	2013 (As Restated)	Increase / (Decrease) Current vs Prior Year
CASH FLOWS FROM OPERATING ACTIVITIES			
Members' Contributions	46,044,583,923	38,184,937,708	7,859,646,215
Premium Subsidies - NGs / Other NGAs / LGUs/ Sponsors	38,517,014,535	15,673,115,034	22,843,899,501
Other Income	188,789,001	384,997,710	(196,208,709)
Cash received in trust	71,556,787	97,567,397	(26,010,610)
Benefit Payments	(71,579,791,936)	(51,244,898,117)	(20,334,893,819)
MOOE/Personal Services/Supplies and Materials paid	(4,954,523,333)	(4,599,739,413)	(354,783,920)
Net Cash Provided (Used in) by Operating Activities	8,287,628,977	(1,504,019,681)	9,791,648,658
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement on Bonds	(3,450,000,000)	(13,599,080,000)	10,149,080,000
Matured Bonds	8,145,500,000	6,012,600,000	2,132,900,000
Interest received on Investments	6,631,614,450	6,792,700,612	(161,086,162)
Gain on Foreign Exchange	39,131	190,450	(151,319)
Payment of Equipment purchased	(273,638,458)	(176,869,544)	(96,768,914)
Rent collected	1,113,542	1,071,558	41,984
Gain (Loss) on Disposal of Assets	614,376	213,175	401,201
Net Cash Provided (Used in) by Investing Activities	11,055,243,041	(969,173,749)	12,024,416,790
Net Increase (Decrease) in Cash and Cash Equivalents	19,342,872,018	(2,473,193,430)	21,816,065,448
CASH AND CASH EQUIVALENTS at the Beginning of Year	19,642,921,180	22,116,114,610	(2,473,193,430)
CASH AND CASH EQUIVALENTS for the period ended Dec.31, 2014	38,985,793,198	19,642,921,180	19,342,872,018

INCOME SCHEDULE I

For the year ended December 31, 2014
(In Philippine Peso)

	Notes	2014	2013 (As Restated)	Increase / (Decrease) Current vs Prior Year
PREMIUM CONTRIBUTIONS	18			
Contributions - Formal Economy		36,985,646,593	35,541,198,879	1,444,447,714
Contributions - Informal Economy including OFWs		7,566,857,791	4,385,068,040	3,181,789,751
Contributions - Indigent - NHTS / Sponsored		36,894,176,738	17,128,030,060	19,766,146,678
Total Premium Contributions		81,446,681,122	57,054,296,979	24,392,384,143
INTEREST INCOME	19			
Treasury Bonds		6,007,424,377	6,068,520,190	(61,095,813)
Special Savings Deposit		455,073,072	511,442,763	(56,369,691)
Savings & Current Deposits		5,248,155	10,659,979	(5,411,824)
Total Interest Income		6,467,745,604	6,590,622,932	(122,877,328)
OTHER INCOME	19			
Accreditation Fees - HCPs		22,305,914	29,846,923	(7,541,009)
Gain (Loss) on Foreign Exchange		15,569	166,538	(150,969)
Gain (Loss) on Disposal of Assets		505,953	114,826	391,127
Fines & Penalties		72,665,919	44,599,551	28,066,368
Income from Grants & Donations		546,480	28,543,589	(27,997,109)
Rent Income		1,128,355	1,235,582	(107,227)
Miscellaneous Income		7,294,252	3,056,094	4,238,158
Total Other Income		104,462,442	107,563,103	(3,100,661)
TOTAL INCOME		88,018,889,168	63,752,483,014	24,266,406,154

EXPENSES SCHEDULE II

For the year ended December 31, 2014
(In Philippine Peso)

	Note	2014	2013 (As Restated)	Increase / (Decrease) Current vs Prior Year
BENEFIT PAYMENTS				
Formal Economy		26,644,436,819	21,368,290,717	5,276,146,102
Informal Economy including OFWs		20,559,992,309	12,073,196,903	8,486,795,406
Indigent - NHTS / Sponsored		25,359,052,538	17,877,498,500	7,481,554,038
Lifetime Member Program		5,611,943,141	4,144,825,224	1,467,117,917
Total Benefit Payments		78,175,424,807	55,463,811,344	22,711,613,463
OPERATIONAL EXPENSES				
Personal Services	16			
Salaries & Allowances		1,659,997,199	1,521,546,902	138,450,297
Other Compensation		1,108,589,230	1,165,498,960	(56,909,730)
Mandatory Contributions		119,585,514	113,478,879	6,106,635
Other Personal Services		4,804,485	10,655,919	(5,851,434)
Total Personnel Services		2,892,976,428	2,811,180,660	81,795,768
Maintenance and Other Operating Expenses	17			
Traveling Expenses		97,569,467	69,032,412	28,537,055
Training and Scholarship Expenses		23,258,859	12,090,858	11,168,001
Water Expenses		5,816,428	5,721,995	94,433
Electricity Expenses		120,943,288	105,371,254	15,572,034
Gender and Development Expenses		1,988,098	1,317,289	670,809
Communication Expenses		102,152,285	106,662,059	(4,509,774)
Advertising Expenses		84,764,115	59,661,361	25,102,754
Marketing and Promotional Expenses		37,205,612	31,734,781	5,470,831
Transportation and Delivery Expenses		1,766,041	1,932,370	(166,329)
Taxes, Duties and Licenses		194,180	9,798,206	(9,604,026)
Fidelity Bond and Insurance Expenses		11,368,313	10,797,169	571,144
Supplies and Materials Expenses		108,517,004	105,751,868	2,765,136
Gasoline, Oil and Lubricants Expenses		18,934,728	15,704,786	3,229,942
Auditing Services		35,011,261	35,865,987	(854,726)
Consultancy Services		2,297,600	3,102,460	(804,860)
Janitorial Services		49,250,156	45,331,673	3,918,483
Security Services		103,710,854	95,905,403	7,805,451
Remuneration		133,774,407	140,025,623	(6,251,216)
Notarial Fee		155,930	265,229	(109,299)
Contract / Research Services		1,504,115	1,837,802	(333,687)
Project Based Hiring		574,634,899	544,183,402	30,451,497
Honorarium		1,249,831	1,545,572	(295,741)
Repairs & Maintenance		18,622,756	16,894,007	1,728,749
Membership Dues and Contri. to Organizations		6,613,884	5,831,211	782,673
Printing and Binding Expenses		21,166,724	22,083,951	(917,227)
Rent Expenses		244,982,759	226,742,648	18,240,111
Representation Expenses		26,586,588	24,040,373	2,546,215
Subscription Expenses		1,529,512	1,617,369	(87,857)
Rewards and Other Claims		98,284,723	89,495,848	8,788,875
Miscellaneous and Extraordinary Expenses		12,229,707	11,585,311	644,396
Other Expenses		63,599,133	61,309,512	2,289,621
Financial Expenses		25,136,547	11,623,208	13,513,339
Non-Cash Expenses		177,671,117	149,583,764	28,087,353
Total Maintenance & Other Operating Expenses		2,212,490,921	2,024,446,761	188,044,160
Total Operational Expenses		5,105,467,349	4,835,627,421	269,839,928
TOTAL EXPENSES		83,280,892,156	60,299,438,765	22,981,453,391

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1. GENERAL INFORMATION

The National Health Insurance Act of 1995 (Republic Act No. 7875), as amended by RA 9241, has been amended by RA10606, otherwise known as the “National Health Insurance Act of 2013”, instituted a National Health Insurance Program (NHIP) that shall provide comprehensive health care services to all Filipinos through a socialized health insurance program that will prioritize the health care needs of the underprivileged, sick, elderly, persons with disabilities (PWDs), women and children and provide free health care services to indigents. The same law created the Philippine Health Insurance Corporation (PhilHealth) as tax-exempt government Corporation attached to the Department of Health (DOH) for policy coordination and guidance. The Head Office is located at 709 CityState Center Building, Barangay Oranbo, Shaw Blvd., Pasig City.

The Corporation is governed by a Board of Directors composed of seventeen (17) members and has the powers and functions provided for in Article IV Section 16 of RA 7875 as amended; such as to formulate and promulgate policies for the sound administration of the Program; to set standards, rules, and regulations necessary to ensure quality of care, appropriate utilization of services, fund viability, member satisfaction, and overall accomplishment of Program objectives; to formulate and implement guidelines on contributions and benefits; portability of benefits, cost containment and quality assurance; and health care provider arrangements, payments methods and referral systems; to establish branch offices as mandated in Article V of RA 7875, as amended; to receive and manage grants, donations, and other forms of assistance; and to organize its office, fix the compensation of and appoint personnel as may be deemed necessary and upon the recommendation of the President of the Corporation.

The National Health Insurance Fund (NHIF) as amended shall consist of contributions from Program members; other appropriations earmarked by the national and local governments purposely for the implementation of the program; subsequent appropriations provided for under Sections 46 and 47 of RA 7875, as amended; donations and grants-in-aid; and all accruals thereof. Under Section 26, Article VI of RA 7875, as amended, the use, disposition, investment, administration and management of the NHIF, including any subsidy, grant or donation received for the program operations shall be governed by applicable laws, and in the absence thereof, existing resolution of the Board of Directors of the Corporation subject to limitations prescribed in the Act.

Title III Sec. 5 of the Implementing Rules and Regulations of RA 7875 as amended otherwise known as the National Health Insurance Act of 2013 provides the new membership categories to wit:

- a. Members in the Formal Economy
 - 1.) Government employees
 - 2.) Private employees
 - 3.) All other workers rendering services, whether in government or private offices, such as job order contractors, project based contractors and the likes
 - 4.) Owners of micro enterprises
 - 5.) Owners of small, medium and large enterprises
 - 6.) Household Help – as defined in RA 10361 on “Kasambahay Law”
 - 7.) Family Drivers
- b. Members in the Informal Economy
 - 1.) Migrant Workers
 - 2.) Informal Sector
 - 3.) Self-Earning Individuals
 - 4.) Filipinos with Dual Citizenship
 - 5.) Naturalized Filipino Citizens
 - 6.) Citizens of other countries working and/or residing in the Philippines
- c. Indigent – a person who has no visible means of income or whose income is insufficient for family subsistence as identified by the DSWD based on specific criteria set for this purpose in accordance with the guiding principles set forth in Article 1 of RA 10606.
- d. Sponsored Members – a member whose contribution is being paid by another individual, government agency, or private entity according to the rules as may be prescribed by the Corporation.

- e. Lifetime Member – a member who has reached the age of retirement under the law and has paid at least one hundred twenty (120) monthly premium contributions. Lifetime members shall include but not limited to the enumerations under Title III, Letter E of Section 5.

Processing of benefit payments and operating expenditures had been decentralized to all seventeen (17) PhilHealth Regional Offices (PROs).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set forth below. These policies are consistently applied unless stated otherwise.

2.1 Basis of preparation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the Philippines, as well as government accounting rules and regulations. The Corporation adopts the calendar year and uses commercial accounting.

The preparation of financial statements requires the use of certain critical accounting estimates and judgments as follows:

- a. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances;
- b. The amount being set-up for the accrued NHIP premium remittance from collecting banks/agents is based on the actual amount collected by the accredited collecting banks for the 2nd half of the applicable month which is to be remitted on the 1st half of the following month.
- c. The General Appropriations Act of CY 2014 provides for the full premium subsidy for health insurance premium of indigents under the National Household Targeting System (NHTS) for Poverty Reduction of the DSWD. It also provides for the health insurance premium for special projects such as Payapa at Masaganang Pamayanan Program (PAMANA) subsidy of former rebels as determined by OPAPP and Sajahatra Bangsamoro Program subsidy of targeted beneficiaries already identified by the Moro Islamic Liberation Front (MILF).
- d. One of the accounting estimates being done is to set-up the accrued benefit payments at the end of each month based on the received claims but not yet process multiplied by the average benefit payment per claim and computed by dividing the total amount of benefit payment for the month by the total number of claim processed for the same period.
- e. The economic life of every property and equipment is depreciated on the straight-line method with 10% residual value based on COA Circular No. 2003 – 007.

The Corporation is continually improving its policies regarding the recognition of NHIP premium contributions and NHIP benefit payments.

2.2 Consolidation

The Corporation adopts the Home and Branch Accounting System since July 1999.

- a. Head Office (HO)

Monthly consolidated trial balances are prepared through working papers by eliminating the reciprocal accounts, but in the year-end consolidation, all nominal accounts that are closed in the PROs are booked-up in the HO.

- b. PhilHealth Regional Offices (PROs)

The PROs' financial position and results of operations are presented without any non-contingent equity account. All nominal accounts are closed every end of calendar year.

c. Local Health Insurance Offices (LHIOs)

The financial transactions of LHIOs were recorded in the books of accounts of their respective PROs. The LHIOs maintain petty cash fund and receive over-the-counter collection of premiums from the PhilHealth members.

2.3 Foreign currency transactions

Foreign currency transactions are translated in peso at the date of transaction and revalued at year-end using prevailing exchange rates. Foreign exchange gains and losses resulting therein are recognized.

2.4 Cash Equivalents

Cash equivalents consist of special savings, treasury bills and bonds maturing within 3 months from acquisition date.

2.5 Investments

This is the remaining portion of the reserve fund that are not needed to meet the current expenditure obligations.

The investing activities of the Corporation were carried out only in the Head Office to maximize the opportunity for high yield interest bearing instruments.

2.6 Inventories

In accordance with COA Resolution No. 2006-006 dated 31 January 2006, inventories include assets held for transfer and for consumption in the normal course of operations. Inventories are measured at cost which includes purchase price, import duties and taxes, freight, handling and other costs directly attributable to the acquisition of finished goods, materials and services; as well as other costs incurred in bringing the inventories to their present location and condition. The perpetual inventory system is used in accounting for inventories.

PhilHealth Office Order No. 0112 s. 2006, dated Nov. 9, 2006 provides that for the small tangible items not more than P5,000 and with estimated useful life of more than one year shall be recorded as inventories upon acquisition and expense upon issuance.

The Asset Method and the First-In-First-Out (FIFO) method are used in recording transactions concerning supplies and materials.

2.7 Property and Equipment

Property and Equipment (PE) includes non-current assets held for use in operation and are expected to be used for more than one year as prescribed in COA Resolution No. 2006-006 dated January 31, 2006. PE are initially recognized at cost which includes purchase price and incidental costs such as import duties, freight, installation and any other directly attributable costs. Subsequent costs on PE which result in increased future economic benefits or service potential are added to its carrying amount.

Subsequent to initial recognition as an asset, PE are carried at cost less any accumulated depreciation, following the straight-line method and using the revised estimated useful life (per COA Circular No. 2003-007 dated December 11, 2003, as amended by COA Circular No. 2004-005 dated August 9, 2004). Depreciation is recorded starting the month following the date of purchase. A residual value equivalent to ten percent (10%) of the purchase cost is set up.

2.8 Intangible Assets

Intangible Asset account refers to computer software purchased by the Corporation, in accordance with Section 4 of the Philippine Accounting Standard No. 38.

The computer softwares are recognized at cost, and reported herein as net of accumulated amortization in accordance with Paragraph 9.2 under COA Resolution No. 2006-006 dated January 31, 2006. Amortization is based on the straight line method less ten percent (10%) residual value.

2.9 Income and expense recognition

Income and expenses are recognized based on a modified accrual method of accounting in accordance with Paragraph 2.1 (d) of COA Resolution No. 2006-006 dated January 31, 2006. Under this method, all expenses shall be recognized when incurred and reported in the financial statements in the period to which they relate. Income shall be on accrual basis except where it is impractical or when other methods are required by law.

The amount being set-up for the accrued NHIP premium remittance from collecting banks/agents is based on the actual amount collected by the accredited collecting banks for the 2nd half of the applicable month which is to be remitted on the 1st half of the following month.

The premium subsidy of sponsors like the Local Government Units (LGUs) is recorded by the PROs based on the report submitted by the PRO – Field Operations Division (FOD) verified correct by the Accountant as evidenced by the Memorandum of Agreement entered into between PhilHealth and LGUs/Sponsors duly supported by Obligation Requests (ObRs) or its equivalent.

National Government full premium subsidy for indigents under the National Household Targeting System (NHTS) including Special Gov't Programs of the gov't. like PAMANA and Bangsamoro is accrued based on the General Appropriation Act (GAA) and adjusted upon receipt of the SARO and NCA from the DBM per Office Order No. 0090, s. 2013.

Regular monthly expenses (e.g., for janitorial services, security services, light and water and rental) are recognized as expenses at the time they are incurred, not when paid. Accruals for benefit payments refer to outstanding obligations to HCP which were filed and received but not yet processed by the PROs multiplying it to the average value per claim which was computed by dividing the total amount of benefit payment for the month by the total number of claim processed for the same period.

3. CASH AND CASH EQUIVALENTS

This account consists of:

	2014	2013 (As Restated)
Collecting Officers (Schedule 3)	109,183,129	148,504,423
Disbursing Officers (Schedule 4)	996,384	2,762,953
Petty Cash Fund (Schedule 5)	1,748,542	1,420,213
Cash in Bank	2,940,309,082	2,268,162,389
Special Savings Deposit	35,933,556,061	17,222,071,202
	38,985,793,198	19,642,921,180

- 3.1 The Corporation deploys at least one Collecting Officer per PRO and Local Health Insurance Office (LHIO), to provide more windows for the over-the-counter collections.
- 3.2 Disbursing Officer - an Accountable Officer (AO) duly designated and is responsible and accountable for the proper management of funds for a specific legal purpose or activity and is properly bonded in accordance with law.
- 3.3 Petty Cash Fund - Cash used for miscellaneous expenditures which cannot be conveniently paid by check. An officer holding the Petty Cash Fund is also properly bonded in accordance with law.
- 3.4 Included in the Cash in Bank is the Land Bank of the Philippines - Pasig- Kapitolyo Branch Dollar Account No. 0674-0010-29, the balance of which is converted to its peso equivalent using the prevailing exchange rate at the end of the year. The difference is recorded as Gain/Loss on Foreign Exchange.
- 3.5 Special Savings Deposit - are term deposits with interest rates higher than regular savings rates and term of 1 day to 360 days evidenced by a passbook or schedule of deposits.

3.6 The Cash and Cash Equivalent in the Cash Flow Statement includes;

3.6.1 Subsidies:

Premium Subsidy for Indigent NHTS	35,295,657,000
Premium Subsidy for Special Gov't Programs	
Bangsamoro	21,530,400
PAMANA	4,576,800
Fortuitous Events Program	10,125,600
Premium Contributions of Sponsors	
Int'l Labor Organization (ILO)	3,097,321
LGUs	3,182,027,414
TOTAL	38,517,014,535

3.6.2 Other Income such as:

- a. Cash received from various operating activities attributed by receipt of interest income, performance bond, sale of bid documents and other miscellaneous income.
- b. Interest income, wherein mostly coming from Earnings from long-term investments.

4. SHORT - TERM INVESTMENTS

This account represents reclassification of the current portion of the long-term investment that will mature within the year or 360 days into short-term investment.

5. RECEIVABLES - NET

	2014	2013 (As Restated)
Due from ACAs - NHIP Premiums	439,002,559	316,557,274
Advances to Officers & Employees (Sched.6)	2,525,940	1,222,696
Accrued Interest Receivable - Investment	1,575,058,536	1,649,704,041
Premium Receivable - Formal Economy	485,080,914	2,140,709,719
Due from National Government Agencies	4,869,600	495,307,767
Due from LGUs	578,760,323	2,166,372,697
Other Receivables	14,801,466	15,454,930
Total	3,100,099,338	6,785,329,124
Add (Less): Allowance for Doubtful Accounts	(115,626)	(115,626)
	3,099,983,712	6,785,213,498

This account consists of:

- 5.1 Due from ACAs – NHIP Premiums - These are Premium contributions collected by the Accredited Collecting Agents for the 2nd half of the applicable month which is to be remitted on the 1st half of the following month.
- 5.2 Advances to Officers and Employees - Cash advances granted to authorized officers and employees for legal authorized purpose such as local and foreign travel.
- 5.3 Accrued Interest Receivable - Investment account represents interest earned from all short-term and long-term investments.
- 5.4 Premium Receivable - Formal Economy - These are accruals of premium contributions of the members in the formal economy recorded by the PROs.
- 5.5 Due from National Government Agencies represents additional enrollment of 5,417 families identified by the MILF Task Force Sajahatra Bangsamoro as sponsored members under the NHIP for the period Jan. - Nov. 2014.

5.6 Due from LGUs consists of premium from the Sponsored Program. Details of the account are as follows:

	2014	2013 As Restated
NCR	69,482,400	176,544,450
CAR	11,627,652	18,584,986
I	190,000	124,381,403
II	11,049,229	120,607,759
III	20,344,275	225,704,778
IV-A	1,215,000	48,583,347
IV-B	3,002,400	130,094,897
V	3,204,450	455,742,560
VI	302,245,777	293,239,224
VII	16,852,568	132,650,956
VIII	-	150,978,751
IX	-	40,058,002
X	7,257,600	100,915,185
XI	35,734,050	41,654,956
XII	-	(13,419,600)
Caraga	96,554,922	111,241,608
ARMM	-	8,809,435
	578,760,323	2,166,372,697

5.7 Other Receivables includes Food & Nutrition Research Institute (FNRI) project which will conduct a National Nutrition Survey 2013 on "Awareness, coverage, accessibility and utilization of PhilHealth in which case PhilHealth will pay P 4M upon signing of MOA and FNRI will submit an audited financial report and progress report of the project.

5.8 Allowance for doubtful accounts – the allowance method is used to set-up the amount of the receivable which is doubtful of collection. This is a deduction from accounts receivable.

6. INVENTORIES

The account consists of supplies and materials and small tangible items amounting to P58,979,066 and P50,787,024 for CYs 2014 and 2013, respectively.

7. INVESTMENTS - NET

The investments of the Corporation consist of Government Securities bearing the unconditional guaranty of the Republic of the Philippines in authorized depository banks and in debt securities and corporate bonds as provided under Paragraph (b), Sec. 17 of RA 10606 and Sec. 73 Rule II, Title VI on Reserve Funds of the Implementing Rules and Regulations of RA 7875 as amended otherwise known as the "National Health Insurance Act of 2013."

7.1 The Corporation's long-term investment portfolio is summarized as follows:

	2014	2013 (As Restated)
Investment in Bonds	100,015,132,230	96,658,391,389

7.1.1 The investments represent the following:

- a. Investment in Government Bonds with more than one (1) year maturity period has an average interest rate of 5.3125% and are broken down as follows:

	2014	2013
Retail T-bonds	42,399,080,000	43,899,080,000
7-year T-bonds	32,169,398,244	32,203,286,259
10-year T-bonds	18,996,653,986	19,056,025,130
	93,565,132,230	95,158,391,389

b. Investment in Corporate Bonds

	Interest Rate	2014	2013
7-year Meralco Fixed Rate Bonds	4.375%	1,500,000,000	1,500,000,000
7-year PLDT Fixed Rate Bonds	5.225%	1,650,000,000	-
5.25-yr GT Capital Fixed Rate Bonds	4.711%	300,000,000	-
5.5-yr SM Prime Holdings	5.100%	500,000,000	-
7-yr SM Prime Holdings	5.201%	500,000,000	-
7-yr Aboitiz	5.205%	1,000,000,000	-
7-yr Filinvest	5.400%	1,000,000,000	-
		6,450,000,000	1,500,000,000

7.2 Straight-line method of amortization was used to amortize the bond premium and bond discount over the remaining life of the bond.

8. PROPERTY AND EQUIPMENT – NET

This account consists of:

	Land and Land Improvements	Building & Structure / Leasehold Improvements	Construction in Progress	Furniture & Fixtures Equipment & Books	Motor Vehicle	Total
Cost						
Jan. 01, 2014	460,713,526	96,935,642	23,605,048	1,171,222,954	133,641,828	1,886,118,998
Additions	18,236	9,114,679	-	214,408,056	118,646,227	342,187,198
Adjustments	(134,214)	907,826	-	1,673,719	(55,168,174)	(52,720,843)
Dec. 31, 2014	460,597,548	106,958,147	23,605,048	1,387,304,729	197,119,881	2,175,585,353
Accu. Dep'n						
Jan. 01, 2014	964,717	41,035,838	-	665,152,651	72,384,534	779,537,740
Depreciation	158,285	8,455,140	-	144,618,899	13,839,008	167,071,332
Adjustments	(120,793)	900,345	-	(28,467,910)	(5,449,063)	(33,137,421)
Dec. 31, 2014	1,002,209	50,391,323	0.00	781,303,640	80,774,479	913,471,651
Net Book Value	459,595,339	56,566,824	23,605,048	606,001,089	116,345,402	1,262,113,702
Net Book Value						
Dec. 31, 2013	459,748,809	55,899,804	23,605,048	506,070,290	61,257,295	1,106,581,246

Included under Land and Buildings accounts are the following:

8.1 A parcel of land situated in East Avenue, Quezon City with a total area of 17,230.50 square meters amounting to P439,377,750 has a fair market value of P947.680 Million as of December 29, 2014 per appraisal report of Cal-Fil Appraisal and Management, Inc. (Cal-Fil), a professional property consultants & valuer. The Head Office of PhilHealth shall be constructed in this lot.

Relative to the construction of the proposed PhilHealth Corporate Center, the Corporation had acquired an additional 145 sq. m. lot from the National Housing Authority located at Brgy. Pinyahan, East Ave. Q.C. for the construction of a drainage system amounting to P2,421,500.

8.2 A lot and building purchased by PRO III for its permanent Regional Office in San Fernando, Pampanga amounting to P13,059,200 and P25,520,363 respectively, has a fair market value of P54.470 Million as of December 22, 2014 per appraisal report of Cal-Fil. Some of its office spaces are rented-out.

A donated 1,831 sq. m. lot including improvements at the Regional Government Center (RGC), San Fernando, Pampanga through a MOA executed by and between the Regional Development Council III and PhilHealth, has a fair market value of P 15.410 Million as of December 22, 2014 per appraisal report of Cal-Fil.

- 8.3 A donated 2,897 sq. m. lot at the RGC, Tuguegarao City, through a MOA executed with the DPWH Region 2 representing the Republic of the Philippines, has a fair market value of P18.830 Million as of January 8, 2015 per appraisal report of Cal-Fil. In compliance to the said MOA, the Regional Development Council (RDC) 2 has extended, upon request of PhRO-II, the construction of its office building for another two years per RDC-2 Resolution No. 02-037, s. 2005.
- 8.4 Additions/Adjustments on Costs - These consist of the cost of new acquisitions of equipment, transfer from Head Office to Regional Offices and reclassification of accounts to other asset due to wear and tear.
- 8.5 Depreciation - the amount computed for property, plant and equipment allocating the cost over their useful life. This is computed on a straight-line method.

9. INTANGIBLE ASSETS

This represents cost of various software application / programs purchased by the Corporation in which majority of which are licenses to fully utilize the capability of a software system to operate in a virtual environment.

10. MISCELLANEOUS ASSETS AND DEFERRED CHARGES

	2014	2013 As Restated
Prepayments/ Deferred Charges	225,222,635	15,716,116
Guaranty Deposits	48,792,735	46,650,940
Total	274,015,370	62,367,056

- 10.1 Prepayments include authorized payments made for the purchase of goods from the Procurement Service of DBM, insurance of motor vehicles of the Corporation from the GSIS and deferred charges account representing payment to HCPs by PRO VIII under the Interim Reimbursement Mechanism (IRM) which was approved under PhilHealth Board Resolution No. 1855 S.2013. The mechanism provide substantial aid to the affected Health Care Institutions (HCIs) in the aftermath of the 'Super Typhoon Yolanda'. PRO VIII had paid P 303.2M to the HCPs and has applied P 95M in their filed claims leaving a balance of P 208M as of December 31, 2014.
- 10.2 Guaranty deposits refer to transactions made by the Head Office and PROs in compliance with the requirements provided in the contracts for office rentals.

11. OTHER ASSETS - NET

This account consists of the following:

	2014	2013 As Restated
DBM (transfer of NHIP Program fr. GSIS to PHIC)	155,235,240	155,235,240
PCSO (Enhanced GMA Program)	115,000,000	115,000,000
PDIC (per MB Reso. 459 dated 4/7/5)	327,103	327,103
COA Disallowances of Former Officers & Employees	1,456,749	1,456,749
PROs (from various Health Providers-DCS)	400,971	400,971
PROs Unserviceable Equipment	16,546,243	15,795,075
PROs Serviceable Equipment	5,644,198	4,886,198
Land (Receivable Repayment Right)	413,845,805	413,845,805
Receivable from DOH	1,083,753	-
Receivable from PCSO	100,566,337	-
Receivable from LGUs	1,144,200,566	-
Receivable from NGAs	394,741,430	-
Gross Long-Term Receivable	2,349,048,394	706,947,141
Less: Allowance for Doubtful Account		
Receivable from DBM	155,235,240	155,235,240
	155,235,240	155,235,240
Net Amount	2,193,813,154	551,711,901

- 11.1 Long Term Receivable from the Department of Budget and Management (DBM) represents surcharges for late remittance of the employer counterpart for premium contribution.
- 11.2 Long Term Receivable from Philippine Charity Sweepstakes Office (PCSO) represents the balance of the account for the premium counterpart of various LGUs under the Enhanced PCSO – Greater Medicare Access (PCSO-GMA) Program.
- 11.3 Long Term Receivable from Philippine Deposit Insurance Corporation (PDIC) was in pursuant to Monetary Board Resolution No. 459 dated April 7, 2005 placing Hermosa Savings and Loan Bank, Inc. under liquidation.
- 11.4 Disallowances amounting to P1,456,749 refer to disbursements from 1995 to 1999 for travel expenses, employees' benefits, and purchases of goods and services that were subsequently disallowed by COA. The Corporation has appealed to the COA for the lifting of said disallowances and due to the remote probability of collection the latter had recommended its reversal.
- 11.5 Debit Credit System amounting to 400,971 refer to the balance of advance payment to Health Care Providers for the year 1999 which can no longer be applied to their claims due to their closure.
- 11.6 Unserviceable Equipment refers to the equipment that are already for disposal.
- 11.7 Serviceable Equipment refers to the equipment which are still functional but already obsolete and fully depreciated and ready for disposal.
- 11.8 Allowance for Doubtful Accounts was provided for the following:
- a. Receivable from the National Government for surcharges in the amount of P155,235,240. This was transferred by the Government Service Insurance System (GSIS) to PhilHealth.
 - b. The amount was determined after evaluation of such factors as aging of the accounts, collection experience in relation to particular receivable and identified doubtful accounts.
- 11.9 Land (Receivable Repayment Right) - pertains to property acquired from investment in Fort Bonifacio Development Corporation, which was converted to Land with an aggregate amount of P413,845,805 including cost of documentary stamp/transfer tax and registration fees. Per Technical Appraisal Report of Cal-Fil Appraisal and Management, Inc. (Cal-Fil), the subject property has a fair market value of P923.260 Million as of December 22, 2014. This account was reclassified as Other Asset instead of investment in Real Property.
- 11.10 Receivable from DOH represents unutilized amount of Global Budget for Out-Patient-Benefit Package for Overseas Workers Program as of Dec. 31, 2014.
- 11.11 Receivable from PCSO includes unpaid billings for the enrollment of 309,049 indigent families in the amount of P25,997,256.32 under the PCSO - Greater Medicare Access Program for 2003 and 2005; Unpaid billings in 2005 in the amount of P2,772,240.00; Unpaid billings for the coverage of 200,000 transport workers under the PCSO-PhilHealth Program in the amount of P71,796,840.00.
- 11.12 Receivable from LGUs represents unpaid premium contributions for the sponsored program for the year covered 2002-2013.
- 11.13 Receivable from NGAs represents deficiency in employer share of the Health Insurance Premium Contributions to PhilHealth by different gov't agencies nationwide for CY 2001 to 2008.

12. PAYABLES

Payables include accruals for benefit claims and administrative costs as follows:

	2014	2013 As Restated
Personal Services	28,967,597	73,970,196
MOOE	299,105,180	213,781,800
Capital Outlay	45,476,654	33,980,922
Benefit Claims	9,595,818,402	7,877,345,621
Accrued Benefit Claims	11,426,420,891	6,343,391,457
	21,395,788,724	14,542,469,996

- 12.1 Benefit Claims represents benefit payment checks still in the possession of the Corporation and checks not yet negotiated with the bank per Office Order No. 0092, s.2013 known as One Fund Disbursement Account (OFDA).
- 12.2 Accrued Benefit Claims refer to outstanding obligations to Health Care Providers which were filed and received but not yet processed. It is computed by multiplying it to the average value per claim per sector. Average value per claim was computed by dividing the total amount of benefit payment for the month by the total number of claim processed for the same period.

13. OTHER PAYABLES

This account consists of:

	2014	2013 As Restated
Inter-Agency Payables	162,589,069	209,464,730
Trust Liabilities -		
UNFPA Project	-	847,384
UMID Project	104,401,097	104,224,794
Unclaimed Refund from Health Care Providers	325,213,700	253,054,331
AHP - Protest Bond	5,311,540	5,296,540
Donations	9,126,355	9,206,160
Performance/Bidders Bond Payable	19,728,357	18,642,207
Retention Fee	26,178,416	16,634,102
WHO Proj. (Center for Global Dev't)	1,494,559	1,664,219
ICD 10	1,413,747	375,378
German Development Corporation	96,401	96,401
Philippine Training Institute	5,410,294	5,133,957
Great Women Project	-	255,471
PhilHealth Run 2013	4,724,546	4,484,182
PhilHealth Run 2015	609,620	-
European Project	2,500,000	-
Calamity Fund	1,157,003	2,945,160
Benchbook	2,237	2,237
Others	102,116,568	63,175,397
Total	772,073,509	695,502,650

- 13.1 Inter-Agency payables include the fund transferred from the Department of Health (DOH) amounting to P47,537,862 for the " Strengthening and Guaranteeing Insurance for the Poor " (SAGIP). This also includes deductions from the salaries of PhilHealth officials and employees which are due for remittance to Government Service Insurance System (GSIS), Home Development Mutual Fund (HDMF), National Home Mortgage Finance Corporation (NHMFC), Bureau of Internal Revenue (BIR), and PhilHealth Employees Association (PHICEA), and taxes withheld from payments to health service providers.
- 13.2 The Corporation after the completion of the UNFPA project entitled "Strengthening and Sustaining the Delivery of Integrated Reproductive Health Services" is again a partner of the same for the implementation of UNFPA funded AWP's relating to the 2012-2016 UNFPA 7th Country Programme for Republic of the Philippines with total releases of P8,528,043.40, interest income earned of P12,860.02, and expenses of P7,693,519.61 leaving a fund balance of P847,383.81. As of August 31, 2014, said fund balance was returned to United Nation's Development Program.
- 13.3 Trust Liabilities refer to funds from other sources which are held in trust for specific purpose.
- 13.4 Donations include funds received from the following entities, including earned interest thereon:

	2014	2013 (As Restated)
Westmont Investment Corp.	2,965,656	2,965,656
Strategies & Alliance Corp.	3,999,686	4,129,491
All Asia Capital & Trust Corp.	599	599
First Metro Investment Corp.	3,813	3,813
BF General Insurance Corp.	1,425	1,425
Land Bank of the Philippines	110,000	110,000
Donation received by PhRO's	2,045,176	1,995,176
Total	9,126,355	9,206,160

These shall finance specific projects like:

- a. Prevention of fraud and such other irregularities against the NHIF and for such other allied undertakings. (Westmont Investment Corporation)
- b. Research and development and other studies including P3.50 million ex-gratia fund. (Strategies & Alliance Corporation)
- c. Assistance to the projects of charitable or socio-civic organizations. (All Asia Capital & Trust Corporation)
- d. Ex-gratia Medicare claims reimbursement and other appropriate activities to attain the NHIP objectives. (BF General Insurance Corporation)

14. OTHER DEFERRED CREDITS

This account consists of the following:

	2014	2013 As Restated
Advance premium by Informal Economy	215,400	223,900
Prepaid premium issued by UPEcon (PRO IV-A)	306,300	306,300
Reclassification of Premium Contribution for NHTS enrollment	1,326,409,800	173,371,200
Accreditation Fees - ACAs	985,657	727,778
Other Deferred Credits	305,375,902	239,655,223
Total	1,633,293,059	414,284,401

Other Deferred Credits - This account refers to the payment of premium contribution, accreditation fees received in advance by the Corporation or income received not pertaining to the current year.

15. RESERVE FUND

	2014	2013 As Restated
Reserve Fund	122,116,576,369	117,378,579,357

The Reserve Fund is recorded per Office Order No. 0145, S.2012 which is based on the provisions of Section 27 of RA 7875 as amended by RA 10606, which states that the Corporation shall set aside a portion of its accumulated revenues not needed to meet the cost of the current year's expenditures as reserved funds: Provided, that the total amount of reserves shall not exceed a ceiling equivalent to the amount actuarially estimated for two years' projected Program expenditures: Provided further; That whenever actual reserves exceed the required ceiling at the end of the Corporation's Fiscal Year, the excess of the Corporation's Reserve Fund shall be used to increase the program's benefits, decrease the member's contributions and augment the health facilities enhancement program of the DOH.

The remaining portion of the Reserve Fund that are not needed to meet the current expenditure obligations or used for the abovementioned programs shall be placed in investments to earn an average annual income at prevailing rates of interest and shall be known as the "Investment Reserve Fund" xxx:

Another portion of the reserve fund shall be allocated for lifetime members. The amount shall be determined by the Corporate Actuary or pre-calculated based on the most recent valuation of liabilities.

The Total Investible Fund for 2014 is Php 135.95B with Php 23.86B set aside and invested on SSDs to meet the current year's expenditures, while the remaining Php 112.09B had been invested as Investible Reserve Fund (IRF) in instruments in accordance with provision on IRF as stated in RA 10606.

The Total Investible Fund is detailed as follows:

Long Term Investment (Bonds)	100,015,132,229.55
Investment on SSD (Dollar Acct.)	3,280,619.30
Investment on SSD - for Reserve Fund	12,074,860,949.86
Investment on SSD - CYE	23,855,414,492.00
Total Investible Fund	135,948,688,290.71

16. CONTINGENT CAPITAL

Contingent capital in the amount of P1,456,749 in CY 2013, represents COA disallowances on prior year expenditures.

17. RETAINED EARNINGS

In accordance with Philippine Accounting Standards (PAS) No. 8, the Retained Earnings account was restated as follows:

	As of Dec. 31, 2014	As of Dec. 31, 2013 As Restated
Balance at beginning of year	-	-
Adjustment in Retained Earnings	1,735,588,165	(2,863,744,660)
Prior Year's Adjustment	-	(27,299,891)
Balance as restated	1,735,588,165	(2,891,044,551)
Adjustment in Reserve Fund	(6,473,585,177)	(561,999,698)
Net Income	4,737,997,012	3,453,044,249
Ending Balance	-	-

Prior Year's Adjustments were closed to Retained Earnings.

Members' Contributions	(25,804,962)
NGs/LGUs Premium for Sponsored Program	(31,273,925)
Other Income	118,331
Personal Services	1,285,705
Maintenance and Other Operating Expenses	1,664,049
Benefit Payments	26,710,911
Total	(27,299,891)

18. PREMIUM CONTRIBUTIONS

Premium Contributions includes collection from the following:

	2014	2013 As Restated
Premium Contributions		
Contributions - Formal Economy	36,985,646,593	35,541,198,879
Private	27,389,278,611	25,871,591,777
Gov't	9,596,367,982	9,669,607,102
Contributions - Informal Economy	7,566,857,791	4,385,068,040
Migrant Worker	2,521,631,692	1,245,890,090
Informal Sector/Self Earning Individual including Organized Group	5,045,226,099	3,139,177,950
Premium Subsidy for Indigent - NG		
NHTS	34,142,618,400	12,377,733,600
Special Government Programs		
Bangsamoro	26,400,000	-
Fortuitous Events Program	10,125,600	-
PAMANA Program	4,576,800	867,600
Premium Contribution of Sponsors		
NGA - Phil. Army	-	-
NGA - Phil. Army	-	24,757,200
NGA - Congress	-	96,047,365
LGUs	2,639,227,524	4,628,624,295
Int'l Labor Organization (ILO)	3,097,321	-
Others	68,131,093	-
TOTAL PREMIUM CONTRIBUTIONS	81,446,681,122	57,054,296,979

19. INTEREST AND OTHER INCOME

Interest and other income account is detailed as follows:

	2014	2013 As Restated
Interest Income		
Treasury Bonds	6,007,424,377	6,068,520,190
Treasury Bills	-	-
Special Savings Deposits	455,073,072	511,442,763
Savings and Current Deposits	5,248,155	10,659,979
Other Interest Income	-	-
Total Interest Income	6,467,745,604	6,590,622,932
Other Income		
Accreditation Fees - HCPs	22,305,914	29,846,923
Fines and Penalties	72,665,919	44,599,551
Rent Income	1,128,355	1,235,582
Gain (Loss) on Foreign Exchange	15,569	166,538
Gain (Loss) on Disposal of Assets	505,953	114,826
Income from Grants & Donations	546,480	28,543,589
Miscellaneous Income	7,294,252	3,056,094
Total Other Income	104,462,442	107,563,103
TOTAL INTEREST AND OTHER INCOME	6,572,208,046	6,698,186,035

19.1 Miscellaneous income consists of the collection ranging from one hundred thousand and above which includes penalties from supplier and accreditation fees of ACAs in the Head Office, while in PROs this includes income from payment for certification of premium payment (PRO VI), income received as rental of portion of LHIO (NCR) office space for advertisement and cash received for GSIS insurance claims for LHIO Aklan due to typhoon Yolanda.

20. PERSONAL SERVICES (PS)

Personal services includes:

	2014	2013 As Restated
Salaries & Allowances	1,659,997,199	1,521,546,902
Other Compensation	1,108,589,230	1,165,498,960
Mandatory Contributions	119,585,514	113,478,879
Other Personal Services	4,804,485	10,655,919
Total Personal Services	2,892,976,428	2,811,180,660

21. MAINTENANCE AND OTHER OPERATING EXPENSES (MOOE)

	2014	2013 As Restated
MOOE	1,971,220,671	1,813,553,485
Other Expenses	63,599,133	61,309,512
Non-Cash Expenses	177,671,117	149,583,764
Total MOOE	2,212,490,921	2,024,446,761

22. OTHER RELEVANT INFORMATION

- 22.1 PhilHealth had adjusted premium contribution of the Employed Sector in CY 2013 through PhilHealth Circular No. 057 s.2012 which prescribes Php 875.00 per month as the maximum contribution shared equally by the Employer and the Employee at Php 437.50 each. However, DBM has only allocated Php312.50 or a 40% discrepancy. The benefit availment of the members under the Government Sector has been continually increasing and has breached the equilibrium level against premium collection which led to overutilization. Consequently, the Corporation had formally inform the Department of Budget and Management of the estimated NG Employer Premium Differential and request allocation of the unappropriate balances for the following periods:

A. Arrears	
CY 2001-2012	Php 9,664,042,011.00
B. Preceding Year	
CY 2013	330,691,801.00
C. Current Year	
CY 2014	330,691,801.00
Total	10,325,425,613.00

22.2 WORLD BANK – IDF GRANT

The world bank has approved a grant under its Institutional Development Fund (IDF Grant No. TF099315) in the amount of US\$ 205,100, to finance "Operationalizing Institutional Mechanisms for Performance Accountability in the Philippine Health Insurance Corporation." The grant will support the Corporation to implement enhanced performance accountability mechanisms through a revised PhilHealth balanced scorecard to reflect the Aquino Health Agenda/Universal Health Care.

World Bank has a fund release of \$ 145,637.16 as of December 31, 2014 and the Corporation has a fund utilization of \$ 128,119.46 leaving a fund balance of \$17,517.70 as of December 31, 2014.

The financial management arrangement for the grant is to establish separate books of accounts and financial management reporting for the Trust fund.

The CY 2013 Financial Statements and the related Sources and Uses of Funds had been audited by the Commission on Audit. The Auditor had rendered an unqualified opinion on the fairness of the presentation of the financial statements of the PHIC Project.

BOARD OF DIRECTORS



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Filipino Overseas Workers Sector

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Area II
NCR & Southern Luzon



GERMAIN G. LIM
Area III
Visayas



MASIDING M. ALONTO, JR.
Area IV
Mindanao

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Corporate Planning Department/
Organization and Systems
Development Office



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Member Management Group



ISRAEL FRANCIS A. PARGAS
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ALFREDO B. PINEDA II
Arbitration Office

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Office of the Actuary



ROBERT LOUIE P. SO
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FRANCISCO Z. SORIA
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PRO - VII

WALTER R. BACAREZA
PRO - VIII

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Department

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Department



MARIA SOPHIA B. VARLEZ
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Department



CHONA S. YAP
Overseas Filipino Program
Office

Not in photo:
CYNTHIA D. CORVITE PMO/PIMS ;
JENNIFER S. RACA Benefits Development and Research Department;
JAY R. VILLEGAS Operations Audit Department

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ARSENIA B. TORRES
PRO - NCR Central

RODOLFO B. DEL ROSARIO, JR.
PRO - NCR South

HENRY V. ALMANON
PRO - III Branch A

RAUL B. TOQUERO
PRO - III Branch B

PhilHealth Directory



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Action Center : 441-7442

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(02) 441-5673 Public Relations Unit

PRO NCR South - Las Piñas

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Business Center

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Local Health Insurance Office

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