

Employee Benefit News from The Philippines

An executive order was issued by President Aquino on November 12, 2015, transferring the regulation and supervision of health maintenance organizations (HMOs) to the Office of the Insurance Commission. Executive Order 192 took effect on November 17, 2015.

Prior to this executive order, health maintenance organizations, or HMOs, were regulated and supervised by the Department of Health.

The Office of the Insurance Commission currently regulates and supervises all insurance companies who offer health/medical insurance products, for individuals as well as for groups.

This is a long-awaited and much welcomed development in the medical/healthcare insurance industry. There currently are around two dozen HMOs that are licensed by the government (Department of Health) to operate in the country, with around 4 million enrolled members.

There also exist a number of entities with offerings similar to HMOs that conduct their business with only a registration with the Securities and Exchange Commission's office. Some of these companies have significant subscriber bases. These entities are, for all practical purposes, not regulated or supervised by anyone.

While we await the implementing rules and regulations from the Insurance Commissioner's office, it is expected that the enforcement of financial guidelines such as minimum capitalization, net worth, and reporting requirements will cause the number of providers to reduce substantially.

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