

# **[ EXECUTIVE ORDER NO. 192, November 12, 2015 ]**

## **TRANSFERRING THE REGULATION AND SUPERVISION OVER HEALTH MAINTENANCE ORGANIZATIONS FROM THE DEPARTMENT OF HEALTH TO THE INSURANCE COMMISSION, DIRECTING THE IMPLEMENTATION THEREOF AND FOR OTHER PURPOSES**

WHEREAS, the President, under Article VII, SEC. 17 of the Constitution, has the power and control over executive departments, bureaus and offices, as well as the continuing authority under existing laws to reorganize such executive departments, bureaus, and agencies;

WHEREAS, Sec. 31, Chapter 10, Title III, Book III of Executive Order (EO) No. 292 (s. 1987), otherwise known as the "Administrative Code of 1987," grants the President the continuing authority to reorganize the administrative structure of the Office of the President;

WHEREAS, Sec. 3(8), Chapter 1, Title IX, Book IV of the Administrative Code of 1987 mandates the Department of Health (DOH) to regulate the operations of and issue licenses and permits to hospitals, clinics, dispensaries, and other establishments, which include Health Maintenance Organizations (HMOs);

WHEREAS, pursuant to PD No. 612 (s. 1974), as amended, otherwise known as the "Insurance Code of the Philippines," and Republic Act No. 9829, otherwise known as the "Pre-Need Code of the Philippines," the Insurance Commission (IC) supervises and regulates the operations of insurance companies, insurance and reinsurance brokers and intermediaries, mutual benefit associations, trusts for charitable uses, and pre-need companies;

WHEREAS, insurance companies, pre-need companies, and HMOs function under a common concept of receiving compensation, either through premiums or contributions, and in turn, promise certain contractual benefits in the future; and

WHEREAS, there is a need to streamline and consolidate functions related to the regulation of HMOs to eliminate redundancy, simplify the organizational structure of the executive department, improve accessibility and accountability, provide efficient use of specialized expertise, realize savings in administrative costs, and promote effective sharing of best practices.

NOW, THEREFORE, I, BENIGNO S. AQUINO III, President of the Philippines, by virtue of the powers vested in me by law, do hereby order and direct:

SECTION 1. Transfer of the Regulation and Supervision over HMOs. Jurisdiction over HMOs shall be transferred from the DOH to the IC in order to regulate and supervise the establishment, operations and financial activities of HMOs.

SEC. 2. Definition of HMO. In accordance with DOH Administrative Order No. 34 (s. 1994), an HMO refers to a juridical entity legally organized to provide or arrange for the provision of pre-agreed or designated health care services to its enrolled members for a fixed pre-paid fee for a specified period of time.

SEC. 3. Organizational Structure and Personnel Augmentation. The IC, in coordination with the Department of Budget and Management, is hereby authorized to streamline and augment its human resource component to enable it to effectively and efficiently perform its functions and exercise its powers under this Order.

SEC. 4. Authority of the IC over HMOs. The IC shall have the authority to exercise the following functions over HMOs:

- a. Issue rules and guidelines, with respect to the establishment of HMO minimum capitalization, net worth, reserve funds and security deposit requirements, as well as the criteria for qualification and disqualification of directors, officers and marketing personnel, and the procedure for the submission of reportorial and/or examination requirements, registration of contracts and plans, adjudication of claims, and other relevant matters, as necessary;
- b. Approve, amend, renew, decline, suspend, or revoke any license, registration, or certificate of authority issued in favor of HMOs;
- c. Fix, assess, collect, and utilize fees and/or charges as it may find reasonable in the exercise of regulatory powers;
- d. Regulate, supervise, and monitor the operations and management of HMOs to ensure compliance with this Order, existing laws, rules, and regulations, and such other directives and circulars issued by the Insurance Commissioner;
- e. Issue orders to prevent fraud and injury to the HMO plan holders and industry stakeholders;
- f. Order the examination of documents, papers, files, tax returns, books of accounts and other records, in whatever form, of any entity, person, or any HMO under investigation, including persons, entities and/or corporations with related interests;
- g. Pursuant to existing laws, rules, and regulations, impose sanctions, and/or appropriate penalties;
- h. Enlist the aid and support of and/or deputize any and all law enforcement agencies of the government in the implementation of its powers and in the exercise of its functions under this Order;
- i. Issue appropriate directives, such as but not limited to the appointment of conservators, receivers or liquidators, to HMOs which fail to comply with this Order, related laws, rules, regulations, orders, and circulars issued pursuant thereto;
- j. Prepare, approve or amend, rules, regulations, orders, and circulars, and issue opinions, provide guidance on and supervise compliance with such rules, regulations, orders, and circulars;
- k. Formulate policies and recommendations on issues concerning the health maintenance industry, including proposed legislations; and