OUTLOOK OF HEALTH MAINTENANCE ORGANIZATIONS IN THE PHILIPPINES

A Thesis
Presented to the Faculty of the
Graduate School of Business
De La Salle University-Dasmarinas
Dasmarinas, Cavite

In Partial Fulfillment of the
Requirements for the Degree
Master of Business Administration – Regular Program

By

GERALD WILLIAM C. PARAGAS

14 February 2008

TABLE OF CONTENTS

	Page
TITLE PAGE…….	i
APPROVAL SHEET…….	ii
BIOGRAPHICAL SKETCH…….	iii
ACKNOWLEDGEMENT…….	iv
ABSTRACT……..	v
LIST OF TABLES……	vii
LIST OF FIGURES……..	ix
INTRODUCTION……	1
Background of the Study ……..	3
Statement of the Problem……	3
Objectives of the Study……..	4
Hypotheses of the Study……	6
Significance of the Study……..	6
Scope and Limitations of the Study……..	7
Definition of Terms. …….	8
REVIEW OF RELATED LITERATURE……..	10
OPERATIONAL FRAMEWORK……..	30
METHODOLOGY……..	32

Research Design…… 32

Sources of Data…….. 32

Method of Data Collection……. 33

Methods of Analysis…….. 33

RESULTS AND DISCUSSIONS…… 37

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS……..... 80

BIBLIOGRAPHY…… 86

APPENDICES…..…… 88

ABSTRACT

PARAGAS, G.W.C., Outlook of Health Maintenance Organizations in the Philippines. Master of Business Administration, De La Salle University-Dasmarinas, Dasmarinas, Cavite, March 2008. Adviser: Ms. Maria Luisa G. Dy, MBA, CPA

The study was conducted in order to determine the outlook of the Health Maintenance Organizations in the Philippines for the next five years of 2007 to 2011. To establish the outlook for the said period is first to know the current status of the HMOs in terms of their number; their capitalization; the number of their enrollees; profit; admitted assets and premium collectibles.

Before the study was conducted, the author cited the concept and purpose why these HMOs were established. Alfiler (1992) defines HMOs to be a formally organized system of health care delivery that combines the financing and provision of care to a defined population for a fixed prepaid fee. Payments made at regular intervals prior to need (prepayment) are made by consumers/members to cover the cost of health care. These payments are pooled by the HMO which prepares a budget to finance the health services needed by the members. The health care costs of this group are then paid out of this pool.

The study has utilized the statistical treatments of descriptive statistics in order to determine the growth rates of the HMOs based on the dependent

and independent variables for the period 1994 to 2006; the regression analysis to determine the relationships of the dependent and independent variables; and the ARIMA forecasting model to establish the forecasted values of the said variables for the next five years of 2007 to 2011.

Based on the results of the descriptive statistics, the average growth rate of the number of HMOs for the period 1994 to 2006 is 4.05 percent. The said growth rate is not significant since there is no industry standard to measure the rate.

On the results of the regression analysis, one of the interesting findings is the regression analysis of enrollees to profit. The output indicates that for a 1 M increase in the number of enrollees, the profit will increase by PhP 2.4 B.

On the results of the ARIMA forecasting method, there is an increase in capitalization, number of enrollees, profit, assets, and premium collectibles for the next five years of 2007 to 2011.

In this regard, the study primarily recommends that the Association of the Health Maintenance Organizations in the Philippines, Inc. (AHMOPI), a non government organization to protect the interests of HMOs, must lobby the government to create a law that will regulate the industry in terms of their finances and product offerings. Thereby, making these HMOs competitive in their own ways and to better serve their clients.