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BY ELECTRONIC MAIL

December 28, 2021

Mr. Jorge Galva
Director
Puerto Rico Health Insurance Administration

Re: MCO Contracts Amendment Q

Dear Mr. Galva

In accordance with the contract review policy of the Financial Oversight and Management Board for Puerto Rico (“FOMB”) established pursuant to Section 204(b)(2) of PROMESA (the “Policy”), we have reviewed the proposed amendment to the “Contract for the provision of Physical Health and Behavioral Health Services under the Government Health Plan for the Commonwealth of Puerto Rico” between the Puerto Rico Health Insurance Administration (“ASES” for its Spanish acronym) and the various Managed Care Organizations set forth in Appendix A attached hereto (the “Proposed Amendment”).

After reviewing the Proposed Amendment, the FOMB concludes “Approved with Observations”. Observations related to the Proposed Amendment are set forth in Appendix A attached hereto.

Our review is solely limited to the compliance of the Proposed Amendment with the applicable fiscal plan and no other matters. For the avoidance of doubt, the review performed by the FOMB does not cover a legal review of the contractual documentation or the contracting process, including without limitation: (i) compliance with contracting requirements under applicable laws, rules, and regulations, both federal and local and (ii) compliance with applicable laws, rules, and regulations governing procurement activities, both federal and local. In addition, the FOMB has not engaged in any due diligence or background check with respect to the contracting parties nor whether the contracting parties comply with the requirements under the applicable contract. Any material changes to the Proposed Amendments or the original contracts must be submitted to the FOMB for review and approval **prior to execution**.

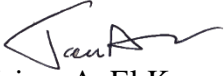
This letter is delivered as of the date hereof and we reserve the right to provide additional observations and modify this letter based on information not available when the review was

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conducted. In addition, during the course of our review, we may receive information which we may refer to the relevant authorities.

This letter is issued only to ASES and solely with respect to the Proposed Amendment.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jaime A. El Koury', with a stylized flourish at the end.

Jaime A. El Koury
General Counsel

APPENDIX A

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ASES-MCO CONTRACTS (AMENDMENT Q)

Fiscal Plan Alignment

This review covers the proposed amendment to the “Contract for the provision of Physical Health and Behavioral Health Services under the Government Health Plan for the Commonwealth of Puerto Rico” between the Puerto Rico Health Insurance Administration (“ASES” for its Spanish acronym) and the following Managed Care Organizations (the “MCO’s”): (i) First Medical Health Plan, (ii) MMM Multihealth LLC, (iii) Plan de Salud Menonita and (iv) Triple S, Inc., (the “Proposed Amendment”). The original contracts between the ASES and the MCO’s were executed on September 21, 2018, and have a term from November 1, 2018, until September 30, 2021; provided however that ASES has the option to renew the contracts for an additional term of one fiscal year, beginning on October 1, 2021, and ending on September 30, 2022.

Notably, the previous amendment to this contract was approved with observations by the FOMB on October 4, 2021 and extended existing Per Member Per Month (“PMPM”) rates from October 1, 2021 until December 31, 2021. This extension included applicable rates for the Emergency Medical Group, which was added via the temporary poverty level expansion approved pursuant to Amendment N¹.

The Proposed Amendment, on the other hand, has the purpose of extending these existing Per Member Per Month (PMPM) rates once again, from January 1, 2022 until February 28, 2022, so that ASES may complete its renegotiation and update of PMPM rates for contract year 2021-2022 under a proposed Amendment R. Such new rates under a proposed Amendment R would be retroactive to October 1, 2021, upon receiving CMS and FOMB approval.

The Proposed Amendment will have an aggregate cost of **\$630,270,000.00** between all MCOs, payable with a mix of General Funds, Federal Funds and Special Revenue Funds pursuant to the following distribution: **\$100,640,000.00 in General Funds, \$58,190,000.00 in Special Revenue Funds and \$471,430,000.00 in Federal Funds**; provided however, that this aggregate cost does not constitute an incremental budgetary expense and is instead a preliminary projection, to the extent that the final aggregate cost of this contract will be amended and superseded by Amendment R, which ASES must submit before the expiration of the Proposed Amendment.

ASES has certified that the funds required for payments under the Proposed Amendment are allocated in the corresponding accounts. As such, the FOMB’s review indicates that ASES has sufficient budgeted funds in Fiscal Year 2022 to cover the cost of the Proposed Amendments as of the date of this letter. However, this determination does not consider the extent to which total available funds will be subsequently encumbered by ASES throughout the Proposed Amendment’s term. Consequently, we rely on ASES’s budget certification for the purposes of this review. In the event that the Proposed Amendment causes ASES to exceed its budget, it must find savings in

¹ This amendment was approved with observations by the FOMB on November 20, 2020 and contemplated “a temporary expansion of Medicaid coverage eligibility requirements during the COVID-19 pandemic”, which would “be made via an increase of the Puerto Rico Poverty Line (“PRPL”), pursuant to the most recent [State Plan Amendment] submitted to CMS.”

APPENDIX A

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other areas to cover any overbudgeted amounts and request a reapportionment of any identified funds to the FOMB, in order to ensure compliance with the Certified Budget for Fiscal Year 2022

ASES is expected to inform the FOMB of any budgetary differences other than those specified in Appendix A (Contract Submissions Questionnaire) and to request a re-review of the Proposed Amendment should any changes occur.

This contract review was conducted on the basis of information submitted by ASES. The FOMB has not independently verified the information included in the submission. Should the FOMB become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.