

FINANCIAL OVERSIGHT & MANAGEMENT BOARD FOR PUERTO RICO



David A. Skeel, Jr.
Chair

Members

Andrew G. Biggs
Arthur J. González
Antonio L. Medina
John E. Nixon
Justin M. Peterson
Betty A. Rosa

BY ELECTRONIC MAIL

November 15, 2022

Dr. Carlos Mellado López
Secretary
Department of Health

Re: Edwin Cardona & Asociados, Inc./ Comprehensive Health Services, Inc./ Reliable Health Services, Inc. (Pediatric University Hospital Premium Pay)

Dear Secretary Mellado López:

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, we have reviewed the proposed amendments to the contracts between the Department of Health (the “Department”) and (i) Edwin Cardona & Asociados, Inc., (ii) Comprehensive Health Services, Inc., and (iii) Reliable Health Services, Inc. (each a “Proposed Amendment” and collectively the “Proposed Amendments”).

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

Our reviews are solely limited to compliance of the Proposed Amendments with Section 204(b)(2) of PROMESA, which seeks to ensure proposed contracts promote market competition and are not inconsistent with approved Fiscal Plans. For the avoidance of doubt, the reviews performed by the FOMB do 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**.

Dr. Carlos Mellado López

November 15, 2022

Page 2 of 2

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 reviews were 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 the Department and solely with respect to the Proposed Amendments.

Sincerely,



Jaime A. El Koury
General Counsel

APPENDIX A

(Page A-1)

DEPARTMENT OF HEALTH – EDWIN CARDONA & ASOCIADOS, INC./
COMPREHENSIVE HEALTH SERVICES, INC./ RELIABLE HEALTH SERVICES, INC.

Fiscal Plan Alignment

These reviews cover the Proposed Amendments to the contracts between the Department and (i) Edwin Cardona & Asociados, Inc., (ii) Comprehensive Health Services, Inc., and (iii) Reliable Health Services, Inc. (the “Contractors”) for the disbursement of Premium Pay for healthcare workers in the Pediatric University Hospital (the “Hospital”). Premium Pay constitutes a financial incentive of \$600 per eligible healthcare employee that worked full-time in public or private hospitals in Puerto Rico. Eligible employees include those healthcare workers who had a base salary or compensation equal to or less than \$55,000 in Fiscal Year 2021, work on-site at least twenty hours a week, and remained in their employment until May 2022.

I. Edwin Cardona and Asociados, Inc. (2023-DS0895-A)

The original contract was approved with observations by the FOMB on June 24, 2022 and contemplated the provision of medical personnel for certain areas of the Hospital. It has a maximum payable amount of \$4,538,094.24 and a term from its date of execution of June 1, 2022 to **June 30, 2023**.

The Proposed Amendment increases the maximum payable amount by **\$17,600** to **\$4,555,694.24** for the disbursement of Premium Pay to 27 eligible employees.¹

II. Comprehensive Health Services, Inc. (2023-DS0890-B)

The original contract was approved with observations by the FOMB on June 23, 2022 and contemplated the provision respiratory therapy and nursing personnel to the Hospital. It has a maximum payable amount of \$2,992,578.65 and a term from its date of execution of July 1, 2022 to **June 30, 2023**.

The Proposed Amendment increases the maximum payable amount by **\$44,000** to **\$3,036,578.65** for the disbursement of Premium Pay to 74 eligible employees.

III. Reliable Health Services, Inc. (2023-DS1155-A)

The original contract was approved with observations by the FOMB on June 23, 2022 and contemplated the provision of billing and invoicing services to the Hospital, as well as the provision of personnel to manage patient registration in clinical areas of the Hospital. It has a maximum payable amount of \$2,291,666.66 and a term from its date of execution of August 1, 2022 to **June 30, 2023**.

We note that the original contract was executed for a different maximum payable amount and a different term than those approved by the FOMB. We reiterate that all contracts submitted to the

¹ One employee shall receive \$2,000 in Premium Pay instead of \$600.

APPENDIX A

(Page A-2)

FOMB for review and approval must be the **final version** prior to execution. Further, the Department is required to inform the FOMB of **any budgetary differences** other than those specified in Appendix A (Contract Submission Questionnaire) and **request a re-review of the contract or amendment should any changes occur**.

The Proposed Amendment increases the maximum payable amount by **\$25,800** to **\$2,317,466.66** for the disbursement of Premium Pay to 43 eligible employees.

The Proposed Amendments shall be payable with Special Revenue Funds allocated in **Account No. 1290-245-0711805-888-2021 (P.S 8.4); 1290-245-0710000-888-2021 (PRIFAS)**. The Department has certified that the funds required for payments under the Proposed Amendments are allocated in the corresponding account. As such, the FOMB's reviews indicate that the Department has sufficient budgeted funds to cover the cost of the Proposed Amendments as of the date of this letter.

This determination does not consider the extent to which total available funds will be subsequently encumbered by the Department throughout the Proposed Amendments' term. Consequently, we rely on the Department's budget certification for the purposes of this review. In the event that the Proposed Amendments cause the Department to exceed its budget, it must identify savings in other areas to cover any overbudgeted amounts and request a reapportionment of any identified funds to the FOMB in order to ensure compliance with its Certified Budget.

The Department is expected to inform the FOMB of **any budgetary differences** other than those specified in Appendix A (Contract Submission Questionnaire) and to request re-reviews of the Proposed Amendments should any changes occur.

These reviews were conducted on the basis of information submitted by the Department. The FOMB has not independently verified the information included in the Proposed Contracts. Should the FOMB become aware of any inaccuracies or misrepresentations – whether intentional or not – it would re-evaluate its assessment.