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# FINANCIAL OVERSIGHT & MANAGEMENT BOARD FOR PUERTO RICO



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## **BY ELECTRONIC MAIL**

December 2, 2022

Dr. Carlos Mellado López  
Secretary  
Department of Health

**Re: Edwin Cardona & Asociados, Inc. (Adult University Hospital Premium Pay) (2023-DS0873-A)**

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 (the “Policy”), we have reviewed the proposed amendment to the contract between the Department of Health (the “Department”) and Edwin Cardona & Asociados, Inc. (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 compliance of the Proposed Amendment 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 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 Amendment or the original contract must be submitted to the FOMB for review and approval **prior to execution**.

Dr. Carlos Mellado López

December 1, 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 review was 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 Amendment.

Sincerely,



Jaime A. El Koury  
General Counsel

## APPENDIX A

(Page A-1)

DEPARTMENT OF HEALTH – EDWIN CARDONA & ASOCIADOS, INC.

### Fiscal Plan Alignment

This review covers the Proposed Amendment to the contract between the Department and Edwin Cardona & Asociados, Inc. for the disbursement of Premium Pay for healthcare workers in the Adult University Hospital (the “Hospital”). Premium Pay constitutes a financial incentive of \$600 per eligible healthcare employee who 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.

The original contract was approved with observations by the FOMB on June 30, 2022 and contemplates the provision of administrative personnel and medical personnel to the Hospital for a maximum payable amount of \$5,241,278.16 and a term from its date of execution of July 1, 2022 to **June 30, 2023**, with the option to extend the term upon written agreement. We remind the Department that, in the event it intends to exercise any extension to the original contract, such extension must be submitted to the FOMB for review and approval prior to execution in accordance with the Policy.

The Proposed Amendment increases the maximum payable amount by **\$61,800 to \$5,303,078.16** for the disbursement of Premium Pay to 103 eligible employees without altering the term.

The Proposed Amendment shall be payable with Special Revenue Funds allocated in **Account No. 1290-245-0711705-888-2021 (P.S 8.4); 1290-245-0710000-888-2021 (PRIFAS)**.

The Department has certified that the funds required for payments under the Proposed Amendment are allocated in the corresponding account. As such, the FOMB’s review indicates that the Department has sufficient budgeted funds to cover the cost of the Proposed Amendment 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 Amendment’s term. Consequently, we rely on the Department’s budget certification for the purposes of this review. In the event that the Proposed Amendment causes 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 a re-review of the Proposed Amendment should any changes occur.

*This amendment review was conducted on the basis of information submitted by the Department. 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.*