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**Executive Director**

**BY ELECTRONIC MAIL**

September 29, 2023

Ms. Roxanna Rosario Serrano  
Interim Executive Director  
Puerto Rico Health Insurance Administration

**Re: Platino Contracts**

Dear Ms. Rosario Serrano,

In accordance with the Contract Review Policy (the “Policy”) of the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), established pursuant to Section 204(b)(2) of PROMESA, we have reviewed the proposed amendments to the contracts for the “Provision of Wraparound Coverage for the Government Health Plan Dual Eligible Population” between the Puerto Rico Health Insurance Administration (“ASES,” for its Spanish acronym) and the following Medicare Advantage Organizations: (i) Humana Health Care Plan of PR, Inc.; (ii) MCS Advantage, Inc.; (iii) MMM Healthcare, LLC; and (iv) Triple S Advantage, Inc. (the “Proposed Amendments”).

After reviewing the Proposed Amendments, the Oversight Board concludes “Approved with **Conditions.**” Observations and conditions related to the Proposed Amendments are set forth in Appendix A attached hereto.

Our review is 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 review performed by the Oversight Board does not constitute 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.

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In addition, the Oversight Board 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 Oversight Board 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 the Oversight Board was not directed to when the review was conducted. In addition, during the course of our review, we may receive information that we may refer to the relevant authorities.

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

Sincerely,



Jaime A. El Koury  
General Counsel

## APPENDIX A

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### ASES – MEDICARE ADVANTAGE ORGANIZATIONS

#### Fiscal Plan Alignment

This review covers the Proposed Amendments to the contracts for the “Provision of Wraparound Coverage for the Government Health Plan Dual Eligible Population” between ASES and the following Medicare Advantage Organizations (the “MAOs”): (i) Humana Health Care Plan of PR, Inc.; (ii) MCS Advantage, Inc.; (iii) MMM Healthcare, LLC; and (iv) Triple S Advantage, Inc.

The original contracts were approved with observations by the Oversight Board on June 28, 2022, and established the wraparound coverage for the Government Health Insurance Medicare and Medicaid Dual Eligible Population at \$20 from January 1, 2023 until December 31, 2023. This coverage assists the Medicare and Medicaid Dual Eligible Population with the costs associated with prescription drug benefits. The original contracts had an aggregate cost of \$66,467,000 between all MAOs during Calendar Year 2023, payable with a mix of General Funds, Federal Funds and Special Revenue Funds, pursuant to the following allocations: \$13,007,000 in General Funds; \$48,136,000 in Federal Funds; and \$5,324,000 in Special Revenue Funds.

The Proposed Amendments increase the wraparound payment from \$20 to \$50 for Calendar Year 2023, retroactive to January 1, 2023. They have an aggregate cost of **\$173,038,000** between all MAOs, payable with a mix of State Funds (General Funds and Special Revenue Funds) and Federal Funds pursuant to the following allocations: \$36,555,000 in State Funds and \$136,483,000 in Federal Funds.

ASES has certified that the funds required for payments under the Proposed Amendments are allocated in the corresponding accounts. As such, the Oversight Board’s review indicates that ASES has sufficient budgeted funds in Fiscal Year 2024 to cover the cost of the Proposed Amendments as of the date of this letter.

We note that although ASES has certified it has the funds to cover the cost of the Proposed Amendments, the \$50 wraparound payment is a significant increase from the projections included in the Certified Fiscal Year 2024 Commonwealth Budget, which contemplates a Per Member Per Month (“PMPM”) rate of \$35 during Fiscal Year 2024. Accordingly, and as a condition, the increase contemplated in the Proposed Amendments is approved **exclusively for Calendar Year 2023**. ASES must submit future proposed amendments contemplating PMPM increases for the Oversight Board’s review and approval prior to execution to ensure compliance with the Policy.

This determination does not consider the extent to which total available funds will be subsequently encumbered by ASES throughout the Proposed Amendments’ term. Consequently, we rely on ASES’ budget certification for purposes of this review. In the event that the Proposed Amendments cause ASES to exceed its budget, it must find savings in other areas to cover any overbudgeted amounts and request a reapportionment of any identified funds to the Oversight Board in order to ensure compliance with the Certified Fiscal Year 2024 Commonwealth Budget.

**APPENDIX A**

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

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