



July 5, 2018

VIA EMAIL AND CERTIFIED
MAIL RETURN RECEIPT

TO: **First Medical Health Plan, Inc.**
Plan de Práctica Médica Intramural, Escuela de Medicina, RCM, UPR
Triple S, Salud, Inc.
Plan de Salud Menonita, Inc.
MMM Multi Health, LLC
Golden Cross Health Plan, Corp.
Molina Healthcare of Puerto Rico, Inc.

NOTICE OF INTENT TO AWARD CONTRACT UNDER THE PSG-RFP2018; REQUEST FOR PROPOSALS FOR THE NEW MODEL FOR THE PUERTO RICO GOVERNMENT HEALTH PLAN

I. **Request for Proposal¹:**

From February 9 through 16, 2018, the Puerto Rico Health Insurance Administration (ASES for its acronym in Spanish) issued its Request for Proposals (RFP) for the selection of Managed Care Organizations (MCOs) or any other approved health organization in Puerto Rico that complies with the CMS definition of an MCO, to provide choice of MCOs island-wide for all populations of the Puerto Rico Government Health Plan (GHP), except the Foster Care/Domestic Abuse (FC/DA) population (formerly referred to as the “Virtual Region”). The RFP process was designed to select one Contractor from the successful Offerors to serve the FC/DA population.

Specifically, ASES requested proposals for managing the delivery of all covered health services for all covered populations described in the RFP, focusing on models of care tailored to a defined set of High Cost High Need (HCHN) conditions.

The RFP was designed to score distinct cost proposals for the FC/DA population and all other populations and to grant bonus points to the Offerors with the lowest cost proposals. This RFP has been identified as PSG-RFP2018.

II. **Participating Offerors:**

In response to the RFP, the following entities (collectively, “Offerors”), submitted their respective proposals on or before 1:00 PM (AST) April 6, 2018: First Medical Health Plan, Inc. (FMHP), Plan de

¹ Capitalized terms used herein and not otherwise defined, shall have the meaning ascribed to them in the RFP.

Práctica Médica Intramural of the School of Medicine of the Medical Science Campus of the University of Puerto Rico (**PPMI**), Triple S, Salud, Inc. (**Triple S**), Plan de Salud Menonita, Inc. (**PSM**), MMM Multihealth, LLC (**MMM**), Golden Cross Health Plan, Corp. (**Golden Cross**), and Molina Healthcare of Puerto Rico, Inc. (**MHPR**). Said proposals were submitted electronically to the secure repository of documents created for this purpose.

The procurement process under the RFP was designed to promote fair competition and protect the identity of the Offerors from final decision makers. For this reason, the Executive Committee and the Board of Directors of ASES evaluated the results of the technical evaluations and cost proposals without knowing the identity of the Offerors. This was accomplished by the Document Subcommittee selecting letters from an envelope and randomly assigning them to each Offeror as the only identifier for all evaluations. Accordingly, the Offerors were identified with the letters A, B, C, D, E, F & G, as set below. Their respective representatives, the letter assigned to each Offeror, and their addresses are the following:

A. First Medical Health Plan, Inc.

Mr. Francisco J. Artau Feliciano
President
PO Box 191580
San Juan, PR 00919-1580
j.artau@firstmedicalpr.com

B. Plan de Práctica Médica Intramural

Escuela de Medicina
Recinto de Ciencias Médicas
Universidad de Puerto Rico
Mr. Segundo Rodríguez Quilichini
Acting Chancellor
PO Box 29134
San Juan, PR 00929-0314
rector.rcm@upr.edu

C. Triple S, Salud, Inc.

Mrs. Madeline Hernández Urquiza
President and CEO
PO Box 363628
San Juan, PR 00936-3628
murquiza@sspr.com

D. Plan de Salud Menonita, Inc.

Mr. Pedro Meléndez Rosario, Esq.
CEO
Apartado 44
Aibonito, PR 00705
pmelendez@mgpr.org

E. MMM Multihealth, LLC

Mr. Orlando Gonzalez
President
PO Box 71114
San Juan PR 00936-8014
Orlando.Gonzalez@mmmhc.com

F. Golden Cross Health Plan, Corp.

Mr. Luis F. Hernández Vélez
President
San Juan Health Centre,
150 De Diego Ave. Ste. 509
San Juan, 00907
lfhvlaw@gmail.com

G. Molina Healthcare of Puerto Rico, Inc.

Mr. Carlos A. Carrero
President
654 Muñoz Rivera Ave.
Ste. 1600, 16th Floor
San Juan, PR 00918
carlos.carrero@molinahealthcare.com

III. Procedural Background:

During February 9 through the 16, 2018, the RFP was delivered electronically to all interested organizations that filed a request. Seventeen (17) organizations showed interest and accordingly obtained copy of the RFP and the Data Book. The Mandatory Pre-proposal and Actuarial Conferences were held on February 23, 2018 and sixteen (16) organizations participated in both conferences. A total of four (4) amendments to the RFP were issued during the course of the procurement process. Submission of the Proposal (Sections 5 & 6 of the RFP, except Appendix G) was scheduled for April 6, 2018 and submission of the Cost Proposal and Appendix G of the RFP was rescheduled for April 16, 2018, both by 1:00 PM (AST).

The evaluation process initiated on April 6, 2018 after closing access to the electronic repository at 1:00 PM (AST). The Document Subcommittee validated that the Offerors: (i) submitted the Technical and Cost Proposals by the corresponding deadlines, (ii) complied with the prerequisites to become an Offeror, (iii) provided evidence of the Proposal Bond, (iv) submitted all the financial and legal documents required in Section 5 of the RFP, as well as responses to the questions in Section 6 of the RFP, the Cost Proposal, and (v) complied with the format required by Section 3 of the RFP. Therefore, the findings of the Document Subcommittee were shared with the Mandatory Requirements Subcommittee.

The Mandatory Requirements Subcommittee commenced its evaluation on April 7, 2018. This subcommittee completed a thorough review of each Offerors' proposal submissions for all mandatory items. On April 16, 2018, after reviewing compliance with the submissions due on that day, the Mandatory Requirements Subcommittee submitted a final report to the Executive Committee informing that seven (7) proposals had been received but that only five (5) proposals met the mandatory requirements. The Offerors that met these requirements were FMHP, Triple S, PSM, MMM and MHPR. The Mandatory Requirements Subcommittee recommended the Executive Committee to disqualify PPMI and Golden Cross for having failed to meet critical mandatory requirements under the RFP, as further explained herein under "Reasons for Disqualification of Offerors". In consideration of the Mandatory Requirements Subcommittee's recommendations, the Executive Committee forwarded the proposals of FMHP, Triple S, PSM, MMM and MHPR to the Technical Subcommittees for their review and evaluation.

On April 27, 2018 the Executive Committee received the final combined scores (Cost Proposal and Technical Proposal) for each of the above-mentioned Offerors. The scores were accepted by the Executive Committee without change. The Executive Committee presented to the Board of Directors of ASES the Technical and Cost Proposal results of FMHP, Triple S, PSM, MMM and MHPR and the reasons why

PPMI and Golden Cross failed to meet the mandatory requirements of the RFP. On May 7, 2018, the Executive Committee was granted authorization by the Board to commence negotiations with FMHP, Triple S, PSM, MMM and MHPR.

The disqualified Offerors are as follows:

1. Plan de Práctica Médica Intramural, School of Medicine of the RCM-UPR
2. Golden Cross Health Plan, Corp.

The Selected Offerors are as follows:

1. First Medical Health Plan, Inc.
2. Triple S Salud, Inc.
3. Plan de Salud Menonita, Inc.
4. MMM Multihealth, LLC
5. Molina Healthcare of Puerto Rico, Inc.

Negotiations with the selected Offerors started on May 9, 2018. The Negotiation Committee met in several occasions with the selected Offerors individually. The negotiation concluded on June 29, 2018 when all five (5) Finalist Offerors accepted ASES' Final Revised PMPM Premium Rates per Rate Cell. (See Table 6 herein below). These rates were deemed actuarially sound by Milliman, Inc.

On July 3, 2018, the Executive Committee submitted its final report and recommendations to the Board of Directors of ASES. All recommendations of the Executive Committee were adopted by the Board of Directors, who authorized the Executive Director of ASES to proceed to notify the Offerors of the final results of the procurement process.

IV. Scoring:

Herein below are the scoring tables for all five (5) finalists specified above.

Section 6 – Technical Scores

Table 1

RFP Section	Available Points	FMHP	Triple S	PSM	MMM	MHPR
6.1. Benefits and Covered Services	120	78	60	90	84	84
6.2. Model of Care for High-Cost/High-Need Enrollees	120	72	56	72	72	80
6.3. Provider Network and Access	120	92	80	68	48	88
6.4. Subcontracts	30	22	24	16	18	18
6.5. Quality Assurance and Utilization Management	75	48	51	42	57	51

6.6. Enrollee and Provider Services	80	40	36	44	48	60
6.7. Information Systems	75	54	51	24	57	57
6.8. Reporting Requirements	75	60	35	15	25	45
6.9. Program Integrity Requirements	80	56	36	36	28	36
6.10. Financial Management	80	64	56	16	64	80
6.11. Claims Management	75	54	54	42	45	54
6.12. Pharmacy Benefit	20	13	7	12	12	12
6.13. Provider Reimbursement	20	16	12	6	18	20
Total Score	970	669	558	483	576	685

Section 7 - Cost Proposal PMPM Used for Scoring²

Table 2 A

All Populations Except Foster Children/Domestic Abuse	
OFFERROR	Aggregate PMPM
FMHP	\$160.50
Triple S	\$161.64
PSM	\$161.82
MMM	\$176.82
MHPR	\$147.25

Table 2 B

Foster Children/Domestic Abuse Victims Population	
OFFERROR	PMPM
FMHP	\$278.04
Triple S	\$269.33
PSM	\$292.30
MMM	\$296.36
MHPR	\$283.44

Technical and Cost Proposal Scores**

² Under Section 7.4 of the RFP, the PMPM utilized for scoring excluded the Maternity Delivery Kick Payment, since it is on a per delivery basis and not on a per member per month basis. In addition, the administrative cost was neither utilized in the calculation because it is fixed for all Offerors.

Table 3

All Populations Except Foster Children/Domestic Abuse				
Ranking	Cost Pts	Bonus Pts	Technical Pts	Total Pts
MHPR	325.00	129.50	685.00	1,139.50
FMHP	298.18	90.65	669.00	1,057.83
Triple S	296.07	64.75	558.00	918.82
MMM	270.66	-	576.00	846.66
PSM	295.75	-	483.00	778.75

Table 4

Foster Children/Domestic Abuse Population				
Ranking	Cost Pts	Bonus Pts	Technical Pts	Total Pts
FMHP	314.81	90.65	669.00	1,074.46
MHPR	308.82	64.75	685.00	1,058.57
Triple S	325.00	129.50	558.00	1,012.50
MMM	295.35	-	576.00	871.35
PSM	299.46	-	483.00	782.46

***In Table 3, the RFP scores (Technical and Cost Proposals) are based exclusively on the evaluation rendered of the initial submissions that preceded the negotiation phase of the procurement process. These scores are not subject to change by the submission of revised new cost proposals as a consequence of the negotiations.*

****The singular exception to the above applied to revised Cost Proposals for the Foster Children/Domestic Abuse population, Table 4, based on consideration of data issues and required resubmission of a cost proposal for the Foster Children/Domestic Abuse rate cell.*

V. **Principal factors and criteria taken into consideration for the adjudication, including the reasons to disqualify the unsuccessful Offerors:**

A. **Reasons for Disqualification of Offerors:**

1. **PPMI**³

- a. PPMI was disqualified this procurement process since it failed to demonstrate that: (i) it could satisfy the Federal and Puerto Rico requirements for an MCO and (ii) the mandatory requirements and obligations under the RFP. Federal law requires public and private entities to provide adequate assurances to the State against the risk of insolvency. While public entities may be exempt from State solvency requirements, sufficient and adequate assurances against the risk of insolvency must be provided. PPMI's governing bylaws prohibit it from encumbering general revenue funds or the resources of its governing entity, the UPR. In addition, the financial statements provided in its proposal were from the UPR, which is currently engaged in PROMESA Act proceedings. No stop-loss, reinsurance or similar policies were evidenced in the proposal. Therefore, adequate assurances against the risk of insolvency were not provided by PPMI in its proposal.
- b. PPMI stated unequivocally in its proposal that it is not an MCO or an insurance company and, in addition stated that it does not have the requisite license to act as an insurer, which are mandatory requirements under the RFP.
- c. PPMI appears to lack the legal capability to enter into contracts as the governing bylaws require its governing entity, the University of Puerto Rico, to be the executing party.
- d. PPMI's proposal was limited to only serving certain subsets of the population (HCHN), and limited benefits. For example, the pharmacy benefit was not considered in the coverage. Its proposal also indicated that PPMI was offering services on a fee for service basis, not as a managed care risk bearing entity. Therefore, PPMI failed to comply with the mandatory requirements under the RFP.

2. **Golden Cross**

- a. This Offeror failed to submit the Proposal Bond, as required by the terms of the RFP.

³ PPMI is an intramural medical practice plan created under the University of Puerto Rico's intramural practice program, established under Certification #123 (1996-1997), that allows its autonomous institutional units, like the Medical Science Campus, to provide a mechanism through which its faculty members may offer their professional services within the institution to private and public entities and individuals. These plans must be self-sufficient and may not depend in any way on the resources of the UPR's General Fund.

- b. This Offeror also failed to submit a complete Proposal since it did not provide multiple required documents and answers to questions under the RFP, and/or the submissions were incomplete. Among the most important and relevant instances of noncompliance, besides the failure to present a Proposal Bond, are:
- i. Appendix B (Letter of Transmittal) - only page one was filed.
 - ii. Appendix C (Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters Form) – The form filed is incomplete, and the signature page was not included.
 - iii. Appendix E (Conflict of Interest Affidavit – Only provided first page of the Affidavit.
 - iv. Appendix H (Sworn Statement of Administrative Expenses) – failed to provide.
 - v. Appendix J (Sworn Statement of Fraud and Misappropriation) – failed to provide.
 - vi. Appendix M (Provider Network Template) – failed to provide.
 - vii. Failed to submit a complete response to Section 5.10 of the RFP (Financial Documentation).
- c. The financial information that was filed by this Offeror, as part of its proposal, suggests that it may lack the financial capacity to comply with, and perform under, the terms of the Model Contract.

B. Reasons for Selection of Offerors:

The selection of the five (5) Offerors that complied with all the requirements of the RFP and accepted ASES Final Revised PMPM Premium Rates per Rate Cell is in the best interest of the GHP Enrollees. This number of MCOs will ensure island-wide coverage, and that all lives will be responsibly covered. It will also encourage competition among the MCO's, which in turn will redound in better services and experience for the GHP Enrollees. In addition, it will allow ASES to comply with the Government of Puerto Rico's public policy and Act #72 of 1993's mandate to provide choice to the GHP population in the selection of their MCO.

In the case of the Foster Children/Domestic Abuse Population, FMHP is the Offeror with the highest combined scores (Cost Proposal and Technical Proposal) and their PMPM Premium Rate for this Population was determined to be actuarially sound by Milliman, Inc.

Notice of Final Determination:

The successful Offerors of the PSG-RFP2018 are as shown herein below. Pursuant to Section 2.2.10 of the RFP, you are hereby notified of said selection and ASES' intent to award contracts under this RFP as follows:

Offeror	Populations	PMPM Premium Rates
FMHP	FC/DA Population	\$302.22, See Table 7
MHPR	All Other Populations	See Table 6
FMHP	All Other Populations	See Table 6
Triple S	All Other Populations	See Table 6
MMM	All Other Populations	See Table 6
PSM	All Other Populations	See Table 6

Table 6

Administración de Seguros de Salud PSG (MI Salud) PMPM Premium Rates⁴	
Rate Cell	PMPM Premium Rate
Medicaid Pulmonary	\$204.19
Medicaid Diabetes or Low Cardio	\$313.56
Medicaid High Cardio	\$691.81
Medicaid Renal	\$1,453.67
Medicaid Cancer	\$1,653.50
Medicaid Male 45+	\$116.99
Medicaid Male 19-44	\$85.62
Medicaid Male 14-18	\$71.66
Medicaid Female 45+	\$151.52
Medicaid Female 19-44	\$103.89
Medicaid Female 14-18	\$80.47
Medicaid Age 7-13	\$73.90

⁴ \$175.36 is the Aggregate PMPM Premium Rate for All Populations, except FC/DA.

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Medicaid Age 1-6	\$85.72
Medicaid Under 1	\$247.91
Commonwealth Pulmonary	\$132.75
Commonwealth Diabetes or Low Cardio	\$166.03
Commonwealth High Cardio	\$364.67
Commonwealth Renal	\$592.70
Commonwealth Cancer	\$1,220.09
Commonwealth Male 45+	\$63.96
Commonwealth Male 19-44	\$46.09
Commonwealth Male 14-18	\$44.42
Commonwealth Female 45+	\$89.48
Commonwealth Female 19-44	\$72.34
Commonwealth Female 14-18	\$54.50
Commonwealth Age 7-13	\$60.54
Commonwealth Age 1-6	\$67.14
Commonwealth Under 1	\$258.48
CHIP Pulmonary	\$188.82
CHIP Diabetes	\$497.97
CHIP Age 7-13	\$67.00
CHIP Age 14+	\$61.18
CHIP Age 1-6	\$89.23
CHIP Under 1	\$254.40
Dual Eligible Part A and B	\$740.27
Dual Eligible Part A Only	\$299.62
Maternity Delivery Kick Payment	\$4,641.59

Table 7

Administración de Seguros de Salud PSG (MI Salud) PMPM Premium Rate	
Rate Cell	PMPM Premium Rate
Foster Child or Domestic Abuse	\$302.22

WARNINGS REGARDING RECONSIDERATION AND JUDICIAL REVIEW:

Any Offeror who understands that it has been affected by the final determination of ASES in the adjudication of this RFP may submit to ASES a Petition for Reconsideration within twenty (20) calendar days from the date of the mailing of this notice. This is a jurisdictional term. The petition must comply with the requirements stated in Section 2.2.11.5 of the RFP and be filed at the following addresses:

Attention of: ASES Executive Director
Urb. Caribe Sector El Cinco
1549 Calle Alda
San Juan, PR 00926-2712

Or

PSG-RFP2018@asespr.org

All parties must be notified by the Offeror seeking the reconsideration of this decision within the same twenty (20) day term to file the petition. This is a requirement of strict compliance. ASES shall consider the request for reconsideration within thirty (30) calendar days of the filing of the petition. ASES may extend said term only once, for an additional term of fifteen (15) calendar days. Failure to consider the petition for reconsideration shall be deemed as an outright rejection of the petition and thereafter, shall run the twenty (20) calendar day's term to request a judicial review before the Court of Appeals. If a determination is made in its consideration, the term for requesting judicial review will begin from the date on which a copy of the notification of the decision of ASES was deposited in the mail, resolving the request.

Likewise, the party adversely affected by a decision **on reconsideration** filed before ASES, may request judicial review before the Court of Appeals within a jurisdictional period of twenty (20) calendar days from the date of the mailing of notice of the final order or resolution **on reconsideration**.

Cordially,



Angela M. Ávila Marrero
Executive Director