2012-000037B

AMENDMENT TO CONTRACT BETWEEN ADMINISTRACION DE SEGUROS DE SALUD DE PUERTO RICO AND TRIPLE-S SALUD, INC.

This amendment, hereinafter referred to as "Amendment", is executed by and between Triple-S Salud, Inc. ("**TSS**") and Administración de Seguros de Salud de Puerto Rico (hereinafter "**ASES**").

WHEREAS, TSS and ASES executed a Contract for the Administration of the Physical Health component of the MI Salud Program in certain designated regions within the Island of Puerto Rico, on October 17th, 2011 (hereinafter referred to as the "Contract"),

WHEREAS, the Contract contains provisions for projected medical costs and calculation of threshold per member per month (PMPM), identified as Exhibits 10 and 10A respectively.

WHEREAS, the parties, based on actuarial analysis, have determined to modify these projections within two (2) individual contract periods, from November 1st, 2011 to June 30, 2012, and from July 1st, 2012 to June 30, 2013;

NOW, THEREFORE, the Parties agree to amend the Contract as follows:

I. AMENDMENTS

Exhibit 10 and Exhibit 10A of the Contract shall be deleted in their entirety, and replaced by a new Exhibit 10 and Exhibit 10A, which are hereby included and made part of this Amendment and the Contract between the parties.

II. RATIFICATION

All other terms and provisions of the Contract, and of any and all documents incorporated by reference therein, remain unaltered and in full force and effect. The parties hereby affirm their respective undertakings and representations as set forth therein, as of the date thereof. Capitalized terms used in this Amendment, if any, shall have the same meaning assigned to such terms in the Agreement.

III. AMENDMENT EFFECTIVE DATE

This Amendment shall be effective as of July 1, 2012.

IV. ENTIRE AGREEMENT

This Amendment constitutes the entire understanding and agreement of the parties with regards to the subject matter hereof, and supersedes any and all prior or contemporaneous

communications, representations, understandings and agreements, either oral or written concerning the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to the Contract, as of the dates set out below:

Triple-S Salud, Inc.

Pablo Almodóvar
President and CEO

Date: 12-28-2012

Administración de Seguros de Salud de Puerto Rico

Ángela M. Ávila Marrero
Acting Executive Director

Date: 12.28.2012

ADMINISTRACION DE SEGUROS DE SALUD
Contrato Número
12-037B

ATTACHMENT 10A
Calculation of Threshold Per Member Per Month (PMPM)
July 2012 - June 2013

	West	Metro North	North	San Juan	Northeast	Virtual	Threshold*
Projected Medical Cost PMPM	$ 95.27	$ 119.07	$ 101.27	$ 137.25	$ 114.68	$ 90.00	$ 109.93
June 2012 Membership	220,122	196,746	196,530	95,546	128,850	4,789	

*Threshold is calculated as weighted average projected medical PMPM cost. The threshold will be recalculated based on actual membership for July 2012 - June 2013 at the end of the contract period.

Projected Medical Costs by Region: July 1, 2012 - June 30, 2013

	West	Metro North	North	San Juan	Northeast	Virtual
	With Plan Changes	With Plan Changes	With Plan Changes	With Plan Changes	With Plan Changes	With Plan Changes
Facility	$ 39.64	$ 50.16	$ 40.60	$ 62.97	$ 49.70	$ 45.29
Professional	$ 30.22	$ 36.45	$ 31.55	$ 37.20	$ 34.38	$ 26.45
Dental	$ 4.12	$ 4.57	$ 4.41	$ 4.47	$ 4.26	$ 4.85
Drugs	$ 14.66	$ 20.71	$ 18.18	$ 23.21	$ 18.52	$ 6.92
Other	$ 6.63	$ 7.18	$ 6.53	$ 9.40	$ 7.82	$ 6.49
	$ 95.27	$ 119.07	$ 101.27	$ 137.25	$ 114.68	$ 90.00

ADMINISTRACIÓN DE SEGUROS DE SALUD
Contrato Número
12-037B

R.A.

ATTACHMENT 10A
Calculation of Threshold Per Member Per Month (PMPM)
November 2011 - June 2012

	West	Metro North	North	San Juan	Northeast	Virtual	Threshold*
Projected Medical Cost PMPM	$ 89.09	$ 113.12	$ 93.41	$ 140.71	$ 112.90	$ 60.00	$ 104.76
June 2011 Membership	225,038	196,267	200,616	92,198	130,114	4,752	

*Threshold is calculated as weighted average projected medical PMPM cost. The threshold will be recalculated based on actual membership for November 2011 - June 2012 at the end of the contract period.

Projected Medical Costs by Region: November 1, 2011 - June 30, 2012

	West	Metro North	North	San Juan	Northeast	Virtual
	With Plan Changes	With Plan Changes	With Plan Changes	With Plan Changes	With Plan Changes	With Plan Changes
Facility	$ 35.96	$ 46.52	$ 40.36	$ 53.88	$ 38.36	$ 24.21
Professional	$ 31.94	$ 40.36	$ 30.15	$ 50.71	$ 46.36	$ 21.92
Dental	$ 3.00	$ 4.07	$ 3.85	$ 4.53	$ 4.31	$ 4.26
Drugs	$ 11.74	$ 14.97	$ 12.66	$ 21.78	$ 15.99	$ 5.44
Other	$ 6.45	$ 7.20	$ 6.39	$ 9.81	$ 7.88	$ 4.17
	$ 89.09	$ 113.12	$ 93.41	$ 140.71	$ 112.90	$ 60.00

ADMINISTRACION DE SEGUROS DE SALUD
Contrato Número
12-0378

Milliman

650 California Street, 17th Floor
San Francisco, California 94108-2702
USA

Tel +1 415 403 1333
Fax +1 415 403 1334

milliman.com

Actuarial Certification for Administración de Seguros de Salud

Mi Salud Program: Metro North, North, Northeast, San Juan, and West Regions

July 1, 2012 through June 30, 2013

I, Susan E. Pantely, Principal and Consulting Actuary, am an employee of Milliman, Inc. Consultants and Actuaries. I am a Member of the American Academy of Actuaries, and meet its Qualification Standards for issuing Actuarial Statements of Opinion for Medicaid premium rate development. I have been retained by Administración de Seguros de Salud (ASES) to develop the capitation rates for the Mi Salud program for the period July 1, 2012 through June 30, 2013. This memorandum has been prepared in conformity with all applicable Actuarial Standards of Practice, including ASOP no. 8.

This actuarial certification covers the fixed payments for these regions: PCP capitation, Preferred Medical Group (PMG) fund, and administrative fee.

In developing the fixed payment rates, I relied on data provided by ASES and managed care organizations under the Government Health Insurance program (GHIP) regarding:

- Claims incurred January 2010 through August 2012, paid through August 2012
- Data concerning capitations, administrative costs, and other program costs for the period January 2010 through June 2012.

The conclusions reached as a result of my review are contingent on the accuracy of the data provided. The data was used without independent audit, having been evaluated for reasonableness and consistency by comparing to financial statements and other control totals reported by the managed care organizations. To the extent that the underlying data and information is inaccurate, the fixed payment rates certified here may also be inaccurate.

The fixed payment rates were developed based on GHIP claims, utilization and membership data, and include allowance only for benefits covered under the Mi Salud program. Adjustments were made to account for such factors as medical trend, incomplete data, and program changes. Separate rates were not developed by other categories including age, gender, or eligibility category, consistent with past practice. Demographic profiles for regions studied previously did not vary

materially, and the adjustments would be modest relative to the fixed payment rates developed. Use of the single rate approach is considered actuarially sound.

The conclusions reached as a result of my review are contingent on the accuracy of the data provided. The data was used without independent audit, having been evaluated for reasonableness and consistency by comparing to financial statements and other control totals reported by the managed care organizations. To the extent that the underlying data and information is inaccurate, the premium rates certified here may also be inaccurate.

I hereby certify that, to the best of my knowledge and judgment, the methodologies used to develop the PCP capitation rate, PMG fund, and administrative per member per month (PMPM) fee for the Mi Salud program are appropriate and developed in accordance with generally accepted actuarial principles and practices and are not excessive, inadequate, or unfairly discriminatory in relation to benefits. The PCP capitation rate, PMG fund, and administrative fee are appropriate for the populations to be covered and the services furnished under the contract. The primary care physician (PCP) capitation, PMG fund, and administrative fees are actuarially sound and comply with 42 CFR 438.6 (c). The administrative fee, PCP capitation rate and PMG fund payments can be found in Attachments 1 through 3, respectively.

This certification is intended for ASES and CMS and should not be relied on by other parties. The reader should be advised by actuaries or other professionals competent in the area of actuarial projections of the type in this certification, so as to properly interpret the projection results.

It should be emphasized that fixed payment rates are a projection of future costs based on a set of assumptions. These assumptions may not be appropriate for all organizations. Each organization should consider a number of factors, including but not limited to, provider contracts, medical management, and administrative requirements. Actual experience will differ from projected amounts to the extent that the actual experience deviates from the projected experience.

This opinion has been prepared specifically for the Mi Salud program rates and may not be appropriate for other purposes. This certification is intended for ASES and CMS and should not be relied on by other parties.

Susan E. Pantely, FSA, MAAA

November 1, 2012

415-394-3756

Overview

There are eight distinct regions for the Mi Salud program: East, Southeast, West, North, San Juan, Metro North, Northeast, and Southwest plus the Virtual region. These regions have distinct utilization and cost patterns and the capitated rates reflect these regional variations. Medical services within a region are provided by one MCO and one MBHO. As the regions reflect large stable populations, the capitation rate development does not explicitly consider age, gender or eligibility category. This actuarial certification covers the fixed payment components for the Triple S regions. Projected fixed payments under the contract are approximately $390,367,000.

Milliman has relied on the following data sources as provided by Administración de Seguros de Salud (ASES):

- Detailed claim-level covering claims incurred during the period January 2010 through August 2012. This information was used to prepare claims lag reports (monthly paid claims by month of service) and to generate actuarial cost models by type of service (inpatient, outpatient, etc.).
- Monthly enrollment for the period January 2010 through August 2012.
- Information from the carrier regarding net capitated payment rates.
- Financial Reports as reported by the HMO, as reported by the carriers.
- Incurred claims as reported by the carriers.

Although the above data was reviewed for reasonableness, Milliman did not audit the data. After accumulating all of the information to be used in the rate setting process, a comparison of the various sources of claims data was performed to check for consistency. We compared (i) the claim lag reports provided by the HMOs, (ii) the claim amounts reported by ASES and (iii) the claim amounts in the financial statements. There was satisfactory consistency between the three claims data sources.

The actuarial model used to derive the July 1, 2012 to June 30, 2013 (Contract Period) PMG fund payments relies primarily on health plan experience. The historical claims experience by region for the Mi Salud program was analyzed and actuarial cost models for the Base Period were developed. Different Base Periods were used for medical, prescription drug, dental, and capitation. The Base Periods were chosen based on the completeness of the data and to avoid the low incurred claims months due to the transition period from MCS to SSS. The following Base Periods were used:

- Medical: January 1, 2012 – April 30, 2012

- Prescription Drugs: December 1, 2011 – May 31, 2012
- Capitation: November 1, 2011 – May 31, 2012

Therefore, the Base Period reflects services that are both eligible State Plan services and provided to members eligible for Mi Salud. (Checklist AA2.0)

We had historical claims paid through August 2012. For claims incurred in the Base Period, we expect the medical claims data is incomplete. We reviewed the historical claims lag triangles by region. We adjusted the base period PMPM to account for claims incurred but not paid. The completion factors can be found in Attachment 2. (Checklist AA3.14)

These estimates were then projected forward to the Projection Period (July 1, 2012 – June 30, 2013) using assumed trend rates. Administrative expenses were added to the claims component in order to project the total Contract Period costs under the plan. The services used in the analysis include the following:

- Medical
- Prescription Drug

The analysis of Base Period claims experience attempted to identify and adjust for any distortions in the data. Significant variations in experience, including the impact from unusually large individual claims, were investigated. No adjustments for large claims were deemed necessary. (Checklist AA5.0)

Member Months

Members move in and out of the program. Partial members are paid a pro rata portion of the premium. We increased the member months by 2.5% based on the assumption that partial month members are covered for one-half month. (Checklist AA3.4)

Trend Factors

The rating methodology uses trend factors to adjust the Base Period claims cost to the Projection period. The cost trend factors used in this analysis are a combination of utilization and inflation components. We developed the projected cost trend rate assumptions based on an analysis of recent experience and professional judgment regarding future cost increases.

Annual utilization trends were set at 1.0% and 0.0% for medical and prescription drug, respectively. Annual average charge trend was set at 6.0% for prescription drug. Annual average charge trends for medical services were set at 3.5% for hospital facilities and 0.0% for professional. (AA3.11)

Mi Salud Changes

There were no programmatic changes from the Base Period to the Projection Period.

Administrative Fees

ASES pays a fixed monthly administrative fee for claims processing. The amount allocated for administrative expenses ranges from 6.4% to 7.7% of projected medical expenses. The administrative fees are shown in Attachment 1.

* * *

Certified Rates

Attachment 1 to this report provides the administrative fees. Attachment 2 provides a buildup of the PMG fund payments by Region. These rates are only appropriate for the period July 1, 2012 to June 30, 2013.

ATTACHMENT 1

ADMINISTRATIVE FEES PER MEMBER PER MONTH

Region	Per Member Per Month Administrative Fee
North	$7.80
Metro North	$8.17
San Juan	$11.42
Northeast	$8.64
West	$7.15

ATTACHMENT 2 - DEVELOPMENT OF PMG FUND

	Midpoint
Medical Base Period = January 1, 2012 - April 30, 2012	3/1/2012
Pharmacy Base Period = December 1, 2011 - May 31, 2012	3/1/2012
Capitation Base Period = November 1, 2011 - May 31, 2012	2/15/2012
Projection Period = July 1, 2012 - June 30, 2013	1/1/2013

	North	MetroNorth	Northeast	San Juan	West	Total
(1) Base Period PMG Rx PMPM	$9.94	$9.49	$8.62	$9.77	$6.17	$8.57
(2) Completion Factor	1.000	1.000	1.000	1.000	1.000	1.000
(3) Completed Base Period PMG Rx PMPM (1) / (2)	$9.94	$9.49	$8.62	$9.77	$6.17	$8.57
(4) Annual Utilization Trend	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(5) Annual Average Charge Trend	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
(6) Projected PMG Rx (3) x [(1+ (4))^(10/12)] x [(1+ (5))^(10/12)]	$10.44	$9.96	$9.04	$10.26	$6.48	$9.00
(7) Base Period Capitation Paid PMG	$10.64	$16.57	$22.84	$16.36	$11.13	$14.61
(8) Annual Trend	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
(9) Projected Capitation Paid PMG	$10.64	$16.57	$22.84	$16.36	$11.13	$14.61
(10) Base Period PMG non-Rx Paid PMPM	$32.03	$35.59	$29.71	$39.00	$28.95	$32.31
(11) Capitated Claims PMPM	$0.73	$3.90	$6.20	$2.12	$0.45	$2.39
(12) Base Period PMG non-Rx Net Paid PMPM (10) - (11)	$31.30	$31.69	$23.51	$36.88	$28.50	$29.92
(13) Completion Factor	0.935	0.935	0.935	0.935	0.935	0.935
(14) Completed Base Period FFS non-Rx PMPM (12) / (13)	$33.47	$33.90	$25.15	$39.44	$30.48	$32.00
(15) Annual Utilization Trend	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
(16) Hospital Increase of 3.5%	$0.59	$0.59	$0.44	$0.69	$0.53	$0.56
(17) Projected FFS non-Rx (14) x [(1+ (15))^(10/12)] + (16)	$34.34	$34.77	$25.80	$40.46	$31.27	$32.83
(18) Total PMG Risk (6) + (9) + (17)	$55.42	$61.31	$57.68	$67.07	$48.87	$56.44