



DEPARTAMENTO DE

SALUD

GOBIERNO DE PUERTO RICO

AUXILIARY SECRETARIAT FOR THE COORDINATION
OF HEALTH SERVICES AND ASSISTANCE
Medical Assistance Division (Medicaid Program)

CERTIFICATION

Pursuant to 42 U.S.C. 1308(g)(7)(A)(v)(II) and (III), the Commonwealth of Puerto Rico certifies to the honorable Robert F. Kennedy, Jr., Secretary of the U.S. Department of Health and Human Services, that contracts listed below issued by the administration of the Puerto Rico Medicaid Program (PRMP) and the Puerto Rico Health Insurance Administration (PRHIA) during the period of **April 1, 2026 thru June 30, 2026 (2nd Quarter of 2026)**, to the best of our knowledge and efforts, have met the procurement standards set forth in sections 200.317-327 of 2 CFR, except as indicated.

The Puerto Rico Department of Health (PRDoH) is the State Medicaid Agency (SMA) within the Commonwealth of Puerto Rico. Within the PRDoH, the PRMP is responsible for the management of the Medicaid Program and the Puerto Rico Medicaid Enterprise System (PRMES). The *Puerto Rico Health Insurance Administration Act*, Act No. 72 of September 7, 1993, as amended, created the Puerto Rico Health Insurance Administration (ASES by its Spanish acronym), which has a memorandum of understanding with the PRMP and is responsible for contracting with, and monitoring services provided by, the Managed Care Organizations (MCOs) and other carriers.

Puerto Rico Health Insurance Administration (PRHIA)				
Vendor	Contract Number	Contract Period	Amount	Note
1549 Alda, LLC	2025-000010-A	06/06/2026 – 06/30/2029	\$475,282.85	1

Puerto Rico Medicaid Program (PRMP)				
Vendor	Contract Number	Contract Period	Amount	Note
NTT Data EAS, Inc.	2026-DS7898	04/06/2026 – 07/31/2027	\$2,585,612.49	2
Nagnoi, LLC	2026-DS8134	06/01/2026 – 05/31/2027	\$3,819,500.00	3
Estudios Técnicos, Inc.	2026-DS8040	05/08/2026 – 09/30/2027	\$1,460,939.80	4
Enterprise Services Caribe, LLC	2026-DS8047	05/01/2026 – 09/30/2027	\$4,810,045.76	5

Color Indication:

Contracts that have met procurement standards identified under 2 CFR § 200.317-327.



Extenuating circumstances prevented the compliance of these contracts with the standards identified under 2 CFR § 200.317-327.

Notes:

1. Contracts for state fiscal year 2026-2027 between the Puerto Rico Health Insurance Administration (PRHIA) and entities with professional subject matter expertise in areas of general government affairs including disciplines of accounting, financial, legal, IT, human resources, publicity and grant management, among other PRHIA administrative and operational functions and responsibilities. Although some of these contracts are certified by the Procurement Oversight Lead (POL) under the category of extenuating circumstances, the PRHIA considers the following vendor as to fall under the "sole source" exception, 2 CFR § 200.320 (c)(2) [formerly 45 CFR § 75.329 (f)(1)].

1549 Alda, LLC (Contract Number: 2025-000010-A)

PRHIA's Interpretation and Comments:

2 CFR § 200.320 (c)(2) – The procurement transaction can only be fulfilled by a single source.

Property Lease Contract No. 2025-000010 for ASES was signed on June 26, 2024, with an effective term from July 1, 2024, through June 30, 2029. During the contract's execution, the Puerto Rico Public Buildings Office certified that it did not have any available facilities with the space capacity required by ASES. Efforts made through several real estate brokers were also unsuccessful; therefore, the contract was awarded to ASES's current landlord. The leased premises include Alda Building 1549 and the second floor of Alda Building 1552.

During the contract term, ASES identified the need to expand the lease to include the third floor of Alda Building 1552 due to the co-location transition of the Puerto Rico Medicaid Program (PRMP), whose personnel and operations would be sharing the same facilities with ASES. As a result, Amendment A was executed on June 6, 2026, and effective August 1, 2026, the lease will also encompass the third floor of Alda Building 1552. ASES considers this procurement to fall under the federal "single source" exemption, as the agency specifically required additional space within the already contracted premises, and the only logical and available source was the third floor of Alda Building 1552.

Additionally, on May 5, 2026, the Puerto Rico Office of Management and Budget (OGP, by its Spanish acronym) issued an attestation confirming that ASES, as a public corporation, is exempt from the requirements of Law No. 235-2014, which mandates OGP approval for government agencies entering into private lease agreements.

In the Addendum to Certification of Contracts Awarded by the Puerto Rico Health Insurance Administration (PRHIA) Exceeding \$150,000 for the Period of April 1, 2026, Through June 30, 2026, PRHIA explains the following:

This addendum serves to provide additional clarification regarding the applicability of the single source exception under 2 CFR 200.320(c)(2) to Amendment A of Property Lease Contract No. 2025-000010-A, as well as a more detailed explanation of the operational, logistical, and financial considerations that led PRHIA to expand its existing lease rather than pursue a separate facility for the Puerto Rico Medicaid Program (PRMP).

PRHIA determined that the single-source exception was applicable because the agency's operational needs could only be met by securing additional space contiguous to its currently leased premises that, in this case, was available. The transition to a co-located operational model with PRMP requires shared facility infrastructure and continuous coordination among key programmatic areas, including compliance, program integrity, finance, and legal affairs. This level of proximity is essential to the effective administration of the Medicaid Enterprise, composed of PRHIA and PRMP. PRHIA's current landlord was the only entity capable of offering additional space within the same building complex, making the procurement one that could only be fulfilled by a single source.

Before the co-location initiative was implemented, PRMP operated from a separate facility. However, maintaining this arrangement would hinder the more efficient workflow sought between PRHIA and PRMP. Physical separation would likely result in slower communication, delays in decision-making, and reduced integration across programmatic units. The logistical demands of operating from two locations would also be substantial, as PRHIA would need to duplicate critical infrastructure, including access control systems, secure file storage, server and telecommunications configurations, and compliance-related security installations. Operating two separate facilities would further increase administrative burden, complicate emergency preparedness, and broaden the agency's oversight responsibilities, which are currently jointly delegated to Executive Director Carlos A. Santiago Rosario. His unified oversight of both PRHIA and PRMP is intended to streamline program administration, enhance transparency, and eliminate duplicative operational costs.

It should be noted the (sui generis) relationship between PRMP and ASES is inherently integrated, with functions that are sequential, complementary, and interdependent. PRMP, located within the Puerto Rico Department of Health's structure, serves as the Single State Agency (SSA) designated under Section 1902(a)(5) of the Social Security Act and holds sole responsibility for administering and overseeing the Medicaid program. As the SSA, PRMP maintains final authority over all essential program functions, including compliance with federal requirements, eligibility and enrollment processes, financial management of both federal and state funds, program integrity, and the development and implementation of policy. All entities involved in Medicaid-related activities operate under the supervision and direction of the Medicaid Agency and contribute to the execution of its mandated responsibilities.

Meanwhile, ASES is a public corporation established under Act No. 72 of 1993, as amended, and is charged with administering Puerto Rico's public health insurance system, particularly the managed care delivery model through which Medicaid-covered services are provided. ASES manages the contracting of insurers under the Government Health Plan and coordinates payments to providers who serve Medicaid beneficiaries. Although ASES
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performs these important duties, it does not operate independently of Medicaid; instead, it forms part of the broader governmental framework through which Medicaid services are implemented, always subject to the authority of the Single State Agency and applicable federal requirements. This arrangement creates a unified service delivery system in which both entities must work closely and continuously to maintain compliance, ensure continuity of care, and properly administer federal and state funds.

Recognizing the interdependent nature of their responsibilities, the Government of Puerto Rico established a formal framework to support collaboration between PRMP and ASES through an interagency agreement authorized by both the ASES's Board of Directors and the Department of Health. This agreement acknowledges the close alignment of duties carried out by each entity and sets forth a coordinated structure for fulfilling those responsibilities. This also aligns with Act No. 122-2017, which promotes the consolidation of government functions, services, and physical spaces to improve efficiency, reduce costs, and strengthen service delivery. In accordance with this public policy, the agreement provides for the integration of functions and operational units, the sharing of personnel and resources, the joint use of administrative, legal, and technical services, and the coordinated execution of all responsibilities tied to Medicaid-funded services. Despite this integration, both entities remain distinct, and therefore their respective costs must still be allocated appropriately.

As part of this coordinated framework, both entities have agreed to operate within a shared physical space, with allocations of area, costs, and operational responsibilities proportionally distributed and collaboratively managed. Co-location is essential for several reasons. It enables the SSA to oversee ASES activities more effectively, since physical separation would continue to reinforce fragmentation and hinder direct program supervision. It also supports compliance with federal Medicaid requirements, as many critical activities —such as eligibility coordination, managed care oversight, claims processes, and financial reconciliation— depend on constant interaction between PRMP and ASES personnel. Real-time coordination is necessary across eligibility determinations, managed care administration, financial management, reporting obligations, and other essential functions. Co-location further promotes accountability and strengthens internal controls by facilitating monitoring, audit readiness, and expeditious resolution of operational challenges. Finally, sharing physical space reduces duplicative expenses related to rent, utilities, administrative services, and infrastructure, consistent with government-wide mandates for cost efficiency.

A review of PRMP's previous lease arrangement at World Plaza compared with the current consolidated lease demonstrates significant cost savings and more efficient use of space. The unified structure generates approximately \$1 million in overall savings, reflecting reductions in annual lease costs, total lease expenditures over the contract term, and improved utilization of available space within the ASES building. Under the prior arrangement, separate allocations were required for parking, fuel, and other operational expenses, while the consolidated model centralizes these obligations, resulting in further financial efficiency. Overall, the current lease structure represents improved stewardship of

public resources while supporting an integrated operational environment appropriate administration of both entities.

The relocation of PRMP facilities has been planned in two phases, occurring from April to June, and from July to September 2026. These phases involve a detailed cost allocation plan for fiscal year 2026 and for subsequent fiscal periods as both entities continue implementing coordinated operations within the unified physical space.

Therefore, from a financial standpoint, a separate lease would require significant additional expenditures, including new rental payments and deposits, build-out expenses to meet security, privacy, and accessibility standards, installation of IT and telecommunications systems, and ongoing costs for maintenance, utilities, and facility management. By contrast, the expansion within the current building required minimal modifications because the third floor already shared structural and functional compatibility with the premises PRHIA currently occupies, which has only required the integration of the necessary components for the operational needs of PRMP.

Furthermore, operating PRHIA and PRMP, which jointly form Puerto Rico's Medicaid Enterprise as previously described, from two distinct facilities will increase the likelihood of operational disruptions, as divided units may experience inefficiencies and delays arising from the physical separation of teams responsible for interdependent functions. A dual-facility model, which entails the duplication of operational environments, also introduces greater vulnerability in protecting sensitive information; managing compliance with federal privacy and cybersecurity standards becomes more complex when systems and personnel are dispersed. Lastly, it is important to note that part of PRMP's personnel had already been co-located within PRHIA's leased premises, so the lease of Alda Building 1552's third floor was to allow continued co-location transitions with PRMP's remaining offices.

For these reasons, amending the existing lease to incorporate the third floor of Alda Building 1552 was determined to be the most operationally sound, fiscally responsible, and least risky option for PRHIA and PRMP. The expansion supports the seamless co-location of PRMP personnel, preserves program integrity, and ensures compliance with federal procurement and facility standards, which is essential for the program in this moment, when Puerto Rico is in conversations with Congress and federal agencies to demonstrate a more efficient management of Medicaid funds, which in turn enforces Puerto Rico's petitions for additional funding and a concession of a Federal Medical Assistance Percentage (FMAP) similar to other states.

POL's Interpretation and Comments:

PRHIA states in their exception that this lease contract falls under the "single source" exemption, because it is an addition of space in the building that is already leased to PRHIA, and with PRMP moving to the same facilities as PRHIA, more space is needed. The POL agrees that the contract falls under the sole source exemption, since a competitive procurement would have led to further expenses and complications. As such, the POL considers that this

contract meets procurement standards as the circumstances exposed in 2CFR § 200.320 (c) (2), “[p]rocurement can only be fulfilled by a single source”, applies for this contract.

The contract fulfills federal and local procurement standards, as stated in 2 CFR § 200.317, “[w]hen conducting procurement transactions under a Federal award, a State or Indian Tribe must follow the same policies and procedures it uses for procurements with non-Federal funds”. Lease contracts of government dependencies are covered in the 2014 P.R. Law 235. Law No. 235 of December 19, 2014, as amended, establishes as public policy the primary and preferential use by the Government of the Commonwealth of Puerto Rico of its own resources and properties, over private interests. In order to comply with this public policy, it shall first use or lease those public structures that are available. If no central government structures are available, the public agency, department, or instrumentality shall, as a second option, consider municipal structures.

In a previous certification pertaining lease contracts, PRMP received comments from the Department of Health and Human Services Office of the Inspector General, which made clear that the process outlined in 2014 P.R. Law 235 does not comply with federal procurement regulations. 2014 P.R. Law 235 does not require agencies to perform a competitive procurement for lease agreements. The law only requires agencies to ask the OGP to check if there’s any government, state or municipal, has any available buildings. As such, the process that is stated in the amended law, which only changes the office in charge of the processes, is still not compliant with federal procurement regulation. After the comments were received, the PRMP indicated that it would no longer assess lease contracts following 2014 P.R. Law 235 as compliant with federal procurement standards. This is evidenced in the following quote taken from the Department of Health and Human Services Office of the Inspector General report titled *Puerto Rico Did Not Designate a Medicaid Contracts Oversight Lead in a Timely Manner and Certified Contracts That Were Noncompliant*:

“Regarding the two covered contracts related to leases, the Health Department described the process it followed as required by 2014 P.R. Law 235 and compared it with requirements established in 2 CFR § 200.465. In addition, the Health Department indicated that, in its future certifications to HHS, it will not assess this type of contract as being in compliance with Federal procurement standards. The Health Department further stated that it will update its policies and procedures to include a competitive process for leases that complies with 45 CFR § 75.329.”

In the certification emitted by the POL on August 20, 2024, for the period of April 1, 2024, through June 30, 2024, the original contract for this amendment was certified as having extenuating circumstances that prevented the compliance of the contract with federal procurement standards. The POL commented that the contract was in compliance with 2014 P.R. Law 235, however as mentioned above, this law does not fulfil federal procurement standards. In the aforementioned certification, the POL also commented that the PRDOH is working on attuning lease contracts to federal procurement standards. PRMP amended their SOP section which includes the lease procedure, to attune it to both federal regulations and the amendments to 2014 P.R. Law 235. **Therefore, for this certification the POL recommends that the PRHIA amend its SOP to reflect said exemption from the law, if applicable, and**

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include a competitive procurement process that complies with local and federal regulations and procurement standards for their future lease contracts. The POL also recommends that PRHIA remains in constant review of their SOP, as local legislation has changed since the last time PRHIA performed a revision of their SOP. Lastly, the POL requests to be informed of all SOP amendments made by PRHIA.

2. Procurement by competitive proposals, as per 2 CFR § 200.320 (b)(2) [formerly 45 CFR § 75.329 (d)].
3. Procurement by noncompetitive proposals, as per 2 CFR § 200.320 (c)(4) [formerly 45 CFR § 75.329 (f)(3)]. The request was made pursuant to the CFR previously cited which permits noncompetitive procurement when "[t]he recipient or subrecipient requests in writing to use a noncompetitive procurement method, and the Federal agency or pass-through entity provides written approval." The written approval for this contract amendment was given by the Centers for Medicare & Medicaid Services (CMS) via letter sent to the PRMP on April 16, 2026, after the PRMP had requested to perform the contracting of services without competition. Moreover, this contract amendment, effective March 5, 2026, was also approved by CMS in accordance with 45 CFR § 95.611.
4. Procurement by competitive proposals, as per 2 CFR § 200.320 (b)(2) [formerly 45 CFR § 75.329 (d)].
5. Procurement by competitive proposals, as per 2 CFR § 200.320 (b)(2) [formerly 45 CFR § 75.329 (d)].

Given today, August 27, 2026, in San Juan, Puerto Rico.

Ángel Bosch-De León
Procurement Oversight Lead (POL)
 Puerto Rico Medicaid Program