

Fiscal Soundness Reporting Requirements **Filing Instructions for Medicare Advantage Organizations**

The Fiscal Soundness Reporting Requirements (FSRR) state that all renewing Medicare Advantage Organizations (MAOs) in 2008 be required to submit electronically through the Health Plan Management System (HPMS) Fiscal Soundness Module one copy of their independently audited financial statements (in PDF format). MAOs should use Statutory Accounting Principles (SAP) (if your state only requires financial statements prepared using Generally Accepted Accounting Principles (GAAP), CMS will accept them). As a part of filing the independently audited financial statements, the MAO is required to enter 13 financial data elements from the corresponding statements into HPMS. These independently audited financial statements for renewing MA organizations in 2008 (for fiscal year ending December 31, 2007) must be submitted to CMS no later than April 30, 2008.

If a MAO is a new organization in contract year 2008, it must provide through HPMS the following financial information no later than April 30, 2008:

- If the new MA organization has six months or more of operations (i.e., Commercial, Medicaid) in the prior year, it must upload into HPMS a PDF of its 12/31/2007 independently audited financial statements and 13 financial data elements.
- If the new MA organization has four to six months of operations, the applicant must upload into HPMS a PDF of its National Association of Insurance Commissioners (NAIC) **Annual** Health Blank and 13 financial data elements.
- If the new MA organization has at least three months or fewer of operations, the applicant must upload into HPMS a PDF of its most recent **Quarterly** NAIC Health Blank and 13 financial data elements.
- In addition to the above, if the organization is in financial distress at the time of the review, a financial plan may be requested of the applicant demonstrating how it would reach break-even.

Primary financial oversight remains with the MA organization's respective state(s). As a rule, if an organization is in compliance with its state's financial and reserve requirements, it is generally in compliance with CMS.

During the course of the review, the CMS financial analyst may request additional information to ensure the MAO is fiscally sound in accordance with CFR 422.516 (a) (5). For example, an MAO may be requested to provide a financial plan based on the financial condition of the organization at the time of the filing.

Additional Information, including Frequently Asked Questions on FSRR, may be found at: http://www.cms.hhs.gov/HealthPlansGenInfo/50_FSRR.asp#TopOfPage, or you may contact a Financial Review Specialist by e-mail at FinancialReview@cms.hhs.gov.

Authority to Collect Information:

The authority to collect the requested information was approved by The Executive Office of Management and Budget (OMB). The OMB approval number is **0938-0469**.

Regulatory Authority

42CFR 422.516(a) (5) Reporting Requirements

(a) *Required information.* Each MA organization must have an effective procedure to develop, compile, evaluate, and report to CMS, to its enrollees, and to the general public, at the times and in the manner that CMS requires, and while safeguarding the confidentiality of the doctor-patient relationship, statistics and other information with respect to the following: (5) Information demonstrating that the MA organization has a fiscally sound operation.