

Fiscal Soundness Reporting Requirements (FSRR)
For Medicare Advantage (MA) Organizations
Frequently Asked Questions and Answers

- Q1. When are the certified audited financial statements due to CMS?
- A1. All new and renewing MA organizations in 2006 must provide CMS with their certified audited financial statements for year ending December 31, 2006 no later than April 30, 2007.**
- Q2. Does my organization need to submit a certified audited financial statement if it has not previously contracted with CMS, or is new in 2007?
- A2. No, you do not. However, as a new applicant for a 2008 contract your organization must provide financial information required as part of the application package. (Information on the application process for 2008 can be found at <http://www.cms.hhs.gov/MedicareAdvantageApps>)**
- Q3. To whom do I send my certified audited financial statements?
- A3. For 2006 reporting, CMS is moving to an electronic submission via the Health Plan Management System (HPMS). All certified audited financial statements must be submitted in PDF format to the financial reporting module within the HPMS. Further, CMS is requesting the input of a limited number of specific financial data elements within HPMS (see Q and A 17 below).**
- Q4. What do the acronyms GAAP and SAP stand for and which should be sent to CMS?
- A4. GAAP stands for Generally Accepted Accounting Principles. SAP stands for Statutory Accounting Principles. Renewing MAOs should submit their certified audited financial statements in the statutory format. It's much more common within the industry and most states require it.**
- Q5. How do I contact CMS if I have questions about my certified audited financial statements?
- A5. You may contact CMS by email at: FinancialReview@cms.hhs.gov .**
- Q6. Can I send my certified audited financial statements to CMS in a PDF file by email?
- A6. No. For 2006 reporting, CMS is requiring certified audited financial statements be submitted electronically to a financial module within HPMS.**

You may send your certified audited financial statements in a PDF format. The PDF must include all pages including any associated letters, opinions, the signature page, etc.

Q7. As a renewing MAO, should I stop sending the quarterly financial statements?

A7. Yes. However during the course of a fiscal soundness review, CMS may request your organization to submit to CMS other relevant financial information which could include quarterly reports.

Q8. Will any of my organization's financial information be made publicly available by CMS?

A8. As a rule, CMS does not publish or share proprietary information (except for financial data which is publicly available).

Q9. My MAO is part of a larger organization and does not have a separate audit of its financial records. How do I comply with the requirements?

A9. If the contract is between your organization and CMS and the larger organization is the guarantor, then the larger organization's certified audited financial statements would be sufficient. However, if the larger organization is not the guarantor and the contract is with the smaller organization, then the smaller organization would need to produce the audited information.

Q10. Is it necessary to include my organization's "H" or "R" number on the certified audited financial statements?

A10. Yes, please include your organizations "H" or "R" number on the front sheet of the certified audited financial statements and any correspondence sent to CMS. If the audit report represents a consolidation of several contracts, please indicate on the cover of the report the various H or R numbers included within the report. CMS cannot process financial reports that do not have an H or R number associated with them.

Q11. Where do I obtain the SAP instructions and related information?

A11. Instructions for preparing SAP financial statements can be found several ways. The most efficient way would be to contact your company's state of domicile Insurance Department. Another source of information would be to directly contact the National Association of Insurance Commissioners (NAIC) or access the NAIC website, www.naic.org. This site can be used to address a number of insurance accounting issues.

Q12. How does CMS determine fiscal soundness?

A12. Fiscal soundness is principally determined by CMS using the respective state’s reserve and /or financial requirements. Therefore, CMS would generally find an organization fiscally sound if it were meeting its state’s reserve and/or financial requirements.

Q13. Can I still submit a hard copy version of the certified audited financial statements?

A13. Yes, you may submit a hard copy. However, CMS still requires an electronic version be sent to the HPMS. The hard copy will not be considered a substitute for electronic reporting.

Q14. What address should I use if I need to communicate in writing to CMS?

A14. Please send all correspondence to the following address:

**Centers for Medicare and Medicaid Services
 Medicare Advantage Group/Division of Benefits
 7500 Security Boulevard
 Mail Stop: C4-22-04
 Baltimore, Maryland 21244-1850**

Q15. Whom should I contact if I have questions?

A15. You may contact the financial management specialist assigned to your State or Territory and CMS region as follows:

<p>Franklin.Regulski@cms.hhs.gov or at 410-786-6278</p>	<p>CMS Region: I. Boston II. New York (except Puerto Rico) III. Philadelphia VII. Kansas City</p>	<p>States and Territories: CT,DE,MA,MD,ME,NH,NJ, NY,PA,RI,VA,VT,WV,IA,KS MO,NE, DC</p>
<p>Joseph.Esposito@cms.hhs.gov or at 410-786-1129</p>	<p>IV. Atlanta V. Chicago VI. Dallas</p>	<p>AL,AR,FL,GA, IL,IN,KY,LA,MI, MS,MN,NC,NM,OH,OK,SC, TN,TX,WI</p>
<p>Yasmin.Galvez@cms.hhs.gov or at 410-786-0434</p>	<p>II. Puerto Rico VIII. Denver IX. San Francisco X. Seattle</p>	<p>AK,AZ,CA,CO,HI,ID,MT, ND,NV,OR,SD,UT,WA,WY ALSO, Puerto Rico</p>

Q16. What if I am unable to submit the certified audited financial statements to CMS by April 30th?

A16. If you believe you are unable to submit the certified audited financial statement by April 30th, you must contact your financial management specialist prior to the April 30th due date.

Q17. What are the financial data elements that CMS is requiring MA organizations to submit?

A17. At the present time, CMS is requiring the following data for 2005 and 2006:

	2005	2006
1. Net Worth		
2. Total Assets		
3. Cash & Short Investments		
4. Long Term Liquid Investments (Bonds)		
5. Total Liabilities		
6. Health Claims Payable		
7. Total Revenue		
8. Total Expenses		
9. Total Medical and Hospital Expenses		
10. Total Administrative Expenses		
11. Net Income		
12. Cash Flow from Operations		
13. Total Member Months		

Q18. Is there an electronic financial reporting mailbox?

A 18. As stated above, the electronic filing of reports will be achieved through the Health Plan Management System (HPMS). All e-mail inquiries may come to the e-mail box at: Financialreview@cms.hhs.gov .