

Medicare Advantage, Medicare-Medicaid Plans, and Section 1876 Cost Plans

Contract Year 2025 Fiscal Soundness Reporting Requirements

This document contains the Fiscal Soundness Reporting Requirements (FSRR) and associated due dates. All Medicare Advantage Organizations (MAOs), Medicare-Medicaid Plans (MMPs), and Section 1876 Cost Plans (hereafter referred to as “legal entities”) with active (initial and renewing) contracts in Contract Year (CY) 2025 must comply with the FSRR. Specifically, these legal entities must: (1) satisfy all applicable state licensure requirements, (2) satisfy state and CMS financial requirements, and (3) submit independently audited financial statements (or exemption documentation in rare cases) to CMS on an annual basis.

CMS monitors a legal entity’s compliance with fiscal soundness requirements through the review of submitted audited annual financial statements and other required documentation on behalf of each contract. A legal entity’s audited annual financial statements are due to CMS within 120 days of the contract’s fiscal year-end and must be prepared in accordance with generally accepted accounting principles (GAAP). Exceptions to this 120-day requirement may only be available if: (1) the legal entity has been granted an extension by CMS or (2) the domestic state of the legal entity has different requirements. If the legal entity is not meeting CMS fiscal soundness requirements then CMS may require legal entities to provide additional information for the contract, such as business plans, financial projections with supporting assumptions, and/or quarterly financial statements. Legal entities can access their review status by navigating to the following path in HPMS: [HPMS Homepage](#) > [Monitoring](#) > [Fiscal Soundness](#) > [Reports and Extracts](#) > [Reports](#) > [Review Status Report](#).

An HPMS memorandum titled “Clarification of Fiscal Soundness Requirements and Monitoring” issued on November 17, 2015, provides additional information on the FSRR and can be found in the Fiscal Soundness Module (FSM) within the Health Plan Management System (HPMS) by navigating to [HPMS Homepage](#) > [Monitoring](#) > [Fiscal Soundness](#) > [Documentation](#) > [Document and Forms](#). Instructions for uploading the FSRR documentation are outlined in the “Plan User Guide” (available in the HPMS FSM or at <https://www.cms.gov/medicare/enrollment-renewal/health-plans/reporting>).

All FSRR must be met by the legal entity unless its domestic state permits the legal entity to submit financial statements that include other lines of business. Organizations should refer to the HPMS memorandum titled “Annual Verification of Parent Organization and Legal Entity Name” issued on February 20, 2025, if updates to parent organization and/or legal name are needed.

In addition to the audited annual financial statement submission, organizations are required to submit the legal entity’s quarterly financial statements for the first contract year and for any subsequent contract year in which the legal entity fails to meet CMS fiscal soundness requirements. Table 1 below summarizes the submission guidelines. If the fiscal year-end does not fall at the calendar year-end, please refer to submission deadline tables at the end of this document.

Table 1: Fiscal Soundness Submissions

Submission Type	Description	Submission Deadline	Requirement
Audited Annual	Closure of previous fiscal year	Within 120 days after the fiscal year ends	All contracts
Reporting Period Ending 03/31	For quarters ending between 01/01 – 03/31	Within 45 days after the quarter ends	All new contracts for the first year and CMS identified contracts for subsequent contract years
Reporting Period Ending 06/30	For quarters ending between 04/01 – 06/30	Within 45 days after the quarter ends	All new contracts for the first year and CMS identified contracts for subsequent contract years
Reporting Period Ending 09/30	For quarters ending between 07/01 – 09/30	Within 45 days after the quarter ends	All new contracts for the first year and CMS identified contracts for subsequent contract years

Fiscal Soundness Submissions for Legal Entities with New Contracts

Legal entities with new contracts must submit financial statements (or exemption documentation) to the FSM within 120 days of the contract’s fiscal year-end. In most cases this requires a legal entity with a new contract for CY 2025 to submit their 12/31/24 fiscal year-end audited annual financial statements in HPMS by 4/30/25. Legal entities may request an extension of this due date if their domestic state has a later due date than CMS. In addition, legal entities that cannot provide audited annual financial statements must submit the first available item from the list below by the same due date with a description of why the audited annual financial statements are unavailable:

1. The most recent unaudited annual financial statements of the new contract’s parent organization or legal entity for the fiscal year-end prior to the first operational contract year (i.e., 12/31/24 unaudited financial statements for CY 2025). If no unaudited financial statements are available, then:
2. The most recent quarterly National Association of Insurance Commissioners (NAIC) Health Blank or quarterly financial statements of the new contract’s parent organization or legal entity. If a quarterly NAIC Health Blank or quarterly financial statements are not available, then:
3. A description on the contract’s parent organization or legal entity letterhead stating there are no financial statements available 12/31/2024 with an accompanying rationale (e.g., the legal entity was not yet operational). If the legal entity is exempt from submitting financial statements, then:

4. Documentation from the legal entity’s domestic state regulator(s) that explains why the legal entity is exempt from submitting audited financial statements to its domestic state regulator(s) for the new contract. This documentation should be uploaded into the fiscal soundness module within HPMS as a “CY 2025 Audited Annual” submission type.

Legal entities with new contracts also must submit quarterly financial statements within 45 days after the quarter ends throughout the first year until CMS has reviewed the next year’s audited annual financial statements for the new contract’s legal entity. Legal entities not meeting CMS’s fiscal soundness requirement after the first year may remain on quarterly reporting for fiscal soundness monitoring. The quarterly financial statements must include a balance sheet, income statement, subordinated/guaranteed debt attestation form (if applicable, e.g., Section 1876 Cost Plans), and statement of cash flows (reporting year-to-date amounts).

Entering Financial Data Elements into HPMS

Legal entities must enter their financial data elements into HPMS generally as they appear in the corresponding financial statements. However, for financial statements that report amounts in thousands, add three zeros to the amount entered in HPMS.

Table 2: Data Entry

Financial Data Element	MAOs	MMPs	Section 1876 Cost Plans
Total Assets	Yes	Yes	Yes
Total Liabilities	Yes	Yes	Yes
Subordinated/Guaranteed Debt	No, not applicable	No, not applicable	*Yes, if applicable
Net Income/(Net Loss) (current year-to-date)	Yes	Yes	Yes
Cash Flow From Operations (current year-to-date)	Yes	Yes	Yes

*Unsubordinated Liabilities Calculation for Section 1876 Cost Plans only. The net worth of Section 1876 Cost Plans is calculated by subtracting total unsubordinated liabilities from total assets, as reported on the balance sheet for the legal entity.

Subordinated debt is defined by CMS as an unsecured debt whose repayment to its parent organization ranks after all other debts have been paid when the subsidiary files for bankruptcy. An example of subordinated debt is when a parent organization loans money to the legal entity to pay its debts with the condition that the legal entity only needs to repay the parent organization after all of its other liabilities have been satisfied.

Guaranteed debt is defined by CMS as secured debt in which another entity promises to pay a loan or other debt if the organization that borrowed the money fails to pay. An example of guaranteed debt is when the legal entity obtains a loan from a bank and another entity signs the guarantee of payment for all, or a portion, of the loan. In the event of bankruptcy or default by the legal entity, the guarantor will make loan payments on behalf of the legal entity to ensure the debt is satisfied.

Legal entities must identify the subordinated and guaranteed debt portions of their reported total liabilities and submit an updated “Subordinated/Guaranteed Debt Attestation Form” when they submit their quarterly (if applicable) and audited annual financial statements. In addition, legal

entities reporting guaranteed debt must submit in conjunction with their audited annual financial statements (or contained therein), the opinion of an independent auditor confirming the amount of guaranteed debt, and there are no repayment requirements by the legal entity in the event of default. CMS will not consider guaranteed debt when calculating unsubordinated liabilities in the absence of the completed “Subordinated/Guaranteed Debt Attestation Form” and the opinion of an independent auditor.

Reporting Deadline Extension Requests

If the state insurance regulator’s fiscal soundness reporting deadline falls after the CMS submission deadline, organizations may request an extension. Extension requests for CY 2025 may be submitted after the FSM release in March 2025. Legal entities must document in the request why an extension is needed for the contract (e.g., Annual Statement Filing Checklist and Instructions for Health Entities as required by the domestic state, or documentation showing that the domestic state has granted an extension). Extension requests for contracts with the same NAIC number should be submitted in one request covering all contracts. A new contract’s legal entity having the same NAIC# as an existing contract with a perennial extension in the FSM is automatically granted a perennial extension (i.e., it is not necessary to submit an extension request to CMS for the new contract in this situation).

Finally, a legal entity may designate their request for an extension as “perennial.” If granted, this request will allow the organization to forgo making a similar request for the contract in the future. HPMS plan users can submit a request for a perennial extension by navigating to [HPMS Homepage](#) > Monitoring > Fiscal Soundness > Extensions > Submission of Extension Requests.

Other Reporting Requirements

Legal entities must notify CMS if it has filed for or is currently under bankruptcy proceedings by submitting this information in the HPMS Fiscal Soundness module by navigating to [HPMS Homepage](#) >Monitoring >Fiscal Soundness> Submission of Bankruptcy Status.

Technical Requirements

To access the HPMS FSM, HPMS plan users must have a four character CMS User ID. Questions concerning access to HPMS may be submitted to [CMS HPMS Access \(CMSHPMS_Access@cms.hhs.gov\)](mailto:CMSHPMS_Access@cms.hhs.gov).

Please note, when uploading documents, HPMS cannot accept certain keyboard characters in the file name, such as pound or hashtag (#); semi-colon (;); percentage (%); plus (+); ampersand (&); or double periods (..). If these characters are included in the file name, the upload will fail. Upload files may be in .pdf, .doc, .docx, and .zip (zip files cannot contain invalid file types) formats. File sizes may not exceed 20MB.

If uploading multiple documents into the HPMS Fiscal Soundness Module (such as financial statements and other documentation, if applicable), the documents must first be compressed into a single zip file. Newly uploaded files replace/delete previously uploaded files.

Resources

For technical assistance with HPMS, please contact the [HPMS Help Desk \(hpms@cms.hhs.gov\)](mailto:hpms@cms.hhs.gov);

1-800-220-2028).

For questions related to HPMS user access, please send email to HPMS Access (CMSHPMS_Access@cms.hhs.gov).

For policy related questions, please send email to Financial Review (FinancialReview@cms.hhs.gov).

MA and MMP Organizations Statutory and Regulatory References

Section 1857(d)(4)(A)(i) of the Social Security Act

42 CFR §422.2 Definitions

42 CFR §422.504(a)(14) Contract provisions

42 CFR §422.516(a)(5)(b)(c) Validation of Part C reporting requirements

Section 1876 Cost Plans Statutory and Regulatory References

Section 1876(i)(C)(i) of the Social Security Act

42 CFR §417.120 Fiscally sound operation and assumption of financial risk

42 CFR §417.126 Recordkeeping and reporting requirements

MAO, MMP, and Section 1876 Cost Plan - CY 2025 Submission Deadlines
(Quarterlies only need to be submitted if notified to submit by CMS)

Fiscal Year End	Audited Annual	Period Ending 3/31	Period Ending 6/30	Period Ending 9/30
08/31/2024	PE 08/31/2024 due by 04/15/2025*	PE 02/28/2025 due by 04/15/2025	PE 05/31/2025 due by 07/15/2025	PE 08/31/2025 due by 10/15/2025
09/30/2024	PE 09/30/2024 due by 04/15/2025*	PE 03/31/2025 due by 05/15/2025	PE 06/30/2025 due by 08/15/2025	PE 09/30/2025 due by 11/17/2025
10/31/2024	PE 10/31/2024 due by 04/15/2025*	PE 01/31/2025 due by 04/15/2025*	PE 04/30/2025 due by 06/16/2025	PE 07/31/2025 due by 09/15/2025
11/30/2024	PE 11/30/2024 due by 04/15/2025*	PE 02/28/2025 due by 04/15/2025	PE 05/31/2025 due by 07/15/2025	PE 08/31/2025 due by 10/15/2025
12/31/2024	PE 12/31/2024 due by 04/30/2025	PE 03/31/2025 due by 05/15/2025	PE 06/30/2025 due by 08/15/2025	PE 09/30/2025 due by 11/17/2025
01/31/2025	PE 01/31/2025 due by 06/02/2025	PE 01/31/2025 due by 04/15/2025*	PE 04/30/2025 due by 06/16/2025	PE 07/31/2025 due by 09/15/2025
02/28/2025	PE 02/28/2025 due by 06/30/2025	PE 02/28/2025 due by 04/15/2025	PE 05/31/2025 due by 07/15/2025	PE 08/31/2025 due by 10/15/2025
03/31/2025	PE 03/31/2025 due by 07/31/2025	PE 03/31/2025 due by 05/15/2025	PE 06/30/2025 due by 08/15/2025	PE 09/30/2025 due by 11/17/2025
04/30/2025	PE 04/30/2025 due by 09/02/2025	PE 01/31/2025 due by 04/15/2025*	PE 04/30/2025 due by 06/16/2025	PE 07/31/2025 due by 09/15/2025
05/31/2025	PE 05/31/2025 due by 09/30/2025	PE 02/28/2025 due by 04/15/2025	PE 05/31/2025 due by 07/15/2025	PE 08/31/2025 due by 10/15/2025
06/30/2025	PE 06/30/2025 due by 10/31/2025	PE 03/31/2025 due by 05/15/2025	PE 06/30/2025 due by 08/15/2025	PE 09/30/2025 due by 11/17/2025
07/31/2025	PE 07/31/2025 due by 12/01/2025	PE 01/31/2025 due by 04/15/2025*	PE 04/30/2025 due by 06/16/2025	PE 07/31/2025 due by 09/15/2025

***Submit after CY 2025 HPMS Fiscal Soundness Module release**

MAO, MMP, and Section 1876 Cost Plan - CY 2026 Submission Deadlines
(Quarterlies only need to be submitted if notified to submit by CMS)

Fiscal Year End	Audited Annual	Period Ending 3/31	Period Ending 6/30	Period Ending 9/30
08/31/2025	PE 08/31/2025 due by 04/15/2026**	PE 02/28/2026 due by 04/15/2026	PE 05/31/2026 due by 07/15/2026	PE 08/31/2026 due by 10/15/2026
09/30/2025	PE 09/30/2025 due by 04/15/2026**	PE 03/31/2026 due by 05/15/2026	PE 06/30/2026 due by 08/17/2026	PE 09/30/2026 due by 11/16/2026
10/31/2025	PE 10/31/2025 due by 04/15/2026**	PE 01/31/2026 due by 04/15/2026**	PE 04/30/2026 due by 06/15/2026	PE 07/31/2026 due by 09/15/2026
11/30/2025	PE 11/30/2025 due by 04/15/2026**	PE 02/28/2026 due by 04/15/2026	PE 05/31/2026 due by 07/15/2026	PE 08/31/2026 due by 10/15/2026
12/31/2025	PE 12/31/2025 due by 04/30/2026	PE 03/31/2026 due by 05/15/2026	PE 06/30/2026 due by 08/17/2026	PE 09/30/2026 due by 11/16/2026
01/31/2026	PE 01/31/2026 due by 06/01/2026	PE 01/31/2026 due by 04/15/2026**	PE 04/30/2026 due by 06/15/2026	PE 07/31/2026 due by 09/15/2026
02/28/2026	PE 02/28/2026 due by 06/30/2026	PE 02/28/2026 due by 04/15/2026	PE 05/31/2026 due by 07/15/2026	PE 08/31/2026 due by 10/15/2026
03/31/2026	PE 03/31/2026 due by 07/31/2026	PE 03/31/2026 due by 05/15/2026	PE 06/30/2026 due by 08/17/2026	PE 09/30/2026 due by 11/16/2026
04/30/2026	PE 04/30/2026 due by 08/31/2026	PE 01/31/2026 due by 04/15/2026**	PE 04/30/2026 due by 06/15/2026	PE 07/31/2026 due by 09/15/2026
05/31/2026	PE 05/31/2026 due by 09/30/2026	PE 02/28/2026 due by 04/15/2026	PE 05/31/2026 due by 07/15/2026	PE 08/31/2026 due by 10/15/2026
06/30/2026	PE 06/30/2026 due by 11/02/2026	PE 03/31/2026 due by 05/15/2026	PE 06/30/2026 due by 08/17/2026	PE 09/30/2026 due by 11/16/2026
07/31/2026	PE 07/31/2026 due by 11/30/2026	PE 01/31/2026 due by 04/15/2026**	PE 04/30/2026 due by 06/15/2026	PE 07/31/2026 due by 09/15/2026

****Submit after CY 2026 Fiscal Soundness Module release**