

## **Programs of All-Inclusive Care for the Elderly (PACE)**

### **Contract Year 2025 Fiscal Soundness Reporting Requirements**

This document contains the Fiscal Soundness Reporting Requirements (FSRR) and associated due dates. All Programs of All-Inclusive Care for the Elderly (PACE) organizations (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 180 days of the contract’s fiscal year-end and must be prepared in accordance with generally accepted accounting principles (GAAP). Exceptions to this 180-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 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 if within the PACE trial period (defined and discussed in the section titled “Fiscal Soundness Submissions for Legal Entities with New Contracts”), or if the organization 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**

<b>Submission Type</b>	<b>Description</b>	<b>Submission Deadline</b>	<b>Requirement</b>
Audited Annual	Closure of previous fiscal year	Within 180 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	Trial Period contracts 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	Trial Period contracts 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 quarters ends	Trial Period contracts and CMS identified contracts for subsequent contract years
Reporting Period Ending 12/31	For quarters ending between 10/01 – 12/31	Within 45 days after the quarter ends	Trial Period contracts 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 180 days of the contract’s fiscal year-end. For example, 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 6/30/25. 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 financial statements of the new contract’s parent organization or legal entity. If 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 for the period with an accompanying rationale (e.g., the organization was not yet operational).

Legal entities with new contracts also must submit quarterly financial statements within 45 days after the quarter ends during the trial period, which is defined as the first three contract years the organization operates under a program agreement with CMS. For purposes of fiscal soundness, the trial period ends when CMS has reviewed audited annual financial statements covering three full 12-month financial reporting periods. After the trial period, legal entities not meeting CMS's fiscal soundness requirement 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), 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	PACE
Total Assets	Yes
Total Liabilities	Yes
Subordinated/Guaranteed Debt	*Yes, if applicable
Net Income/(Net Loss) (current year-to-date)	Yes
Cash Flow From Operations (current year-to-date)	Yes

\*Unsubordinated Liabilities Calculation. The net worth of PACE organizations 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 statement. 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. 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).

### **PACE Statutory and Regulatory References**

Section 1894(e)(4)(B) and (e)(4)(A)(ii) of the Social Security Act  
42 CFR §460.80(a) Fiscal soundness  
42 CFR §460.200(a) Maintenance of records and reporting of data  
42 CFR §460.208 Financial statements

**PACE - CY 2025 Submission Deadlines**  
*(Quarterlies only need to be submitted if notified to submit by CMS)*

<b>PACE Fiscal Year End</b>	<b>Audited Annual</b>	<b>Period Ending 3/31</b>	<b>Period Ending 6/30</b>	<b>Period Ending 9/30</b>	<b>Period Ending 12/31</b>
<b>07/31/2024</b>	PE 07/31/2024 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	PE 10/31/2025 due by 12/15/2025
<b>08/31/2024</b>	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	PE 11/30/2025 due by 01/15/2026
<b>09/30/2024</b>	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	PE 12/31/2025 due by 02/17/2026
<b>10/31/2024</b>	PE 10/31/2024 due by 04/30/2025	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	PE 10/31/2025 due by 12/15/2025
<b>11/30/2024</b>	PE 11/30/2024 due by 06/02/2025	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	PE 11/30/2025 due by 01/15/2026
<b>12/31/2024</b>	PE 12/31/2024 due by 06/30/2025	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	PE 12/31/2025 due by 02/17/2026
<b>01/31/2025</b>	PE 01/31/2025 due by 07/31/2025	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	PE 10/31/2025 due by 12/15/2025
<b>02/28/2025</b>	PE 02/28/2025 due by 09/02/2025	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	PE 11/30/2025 due by 01/15/2026

<b>PACE Fiscal Year End</b>	<b>Audited Annual</b>	<b>Period Ending 3/31</b>	<b>Period Ending 6/30</b>	<b>Period Ending 9/30</b>	<b>Period Ending 12/31</b>
<b>03/31/2025</b>	PE 03/31/2025 due by 09/30/2025	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	PE 12/31/2025 due by 02/17/2026
<b>04/30/2025</b>	PE 04/30/2025 due by 10/31/2025	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	PE 10/31/2025 due by 12/15/2025
<b>05/31/2025</b>	PE 05/31/2025 due by 12/01/2025	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	PE 11/30/2025 due by 01/15/2026
<b>06/30/2025</b>	PE 06/30/2025 due by 12/31/2025	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	PE 12/31/2025 due by 02/17/2026

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

**PACE - CY 2026 Submission Deadlines**  
*(Quarterlies only need to be submitted if notified to submit by CMS)*

<b>PACE Fiscal Year End</b>	<b>Audited Annual</b>	<b>Period Ending 3/31</b>	<b>Period Ending 6/30</b>	<b>Period Ending 9/30</b>	<b>Period Ending 12/31</b>
<b>07/31/2025</b>	PE 07/31/2025 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	PE 10/31/2026 due by 12/15/2026
<b>08/31/2025</b>	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	PE 11/30/2026 due by 01/15/2027
<b>09/30/2025</b>	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	PE 12/31/2026 due by 02/16/2027
<b>10/31/2025</b>	PE 10/31/2025 due by 04/30/2026	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	PE 10/31/2026 due by 12/15/2026
<b>11/30/2025</b>	PE 11/30/2025 due by 06/01/2026	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	PE 11/30/2026 due by 01/15/2027
<b>12/31/2025</b>	PE 12/31/2025 due by 06/30/2026	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	PE 12/31/2026 due by 02/16/2027
<b>01/31/2026</b>	PE 01/31/2026 due by 07/31/2026	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	PE 10/31/2026 due by 12/15/2026
<b>02/28/2026</b>	PE 02/28/2026 due by 08/31/2026	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	PE 11/30/2026 due by 01/15/2027
<b>03/31/2026</b>	PE 03/31/2026 due by 09/30/2026	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	PE 12/31/2026 due by 02/16/2027



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<b>04/30/2026</b>	PE 04/30/2026 due by 11/02/2026	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	PE 10/31/2026 due by 12/15/2026
<b>05/31/2026</b>	PE 05/31/2026 due by 11/30/2026	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	PE 11/30/2026 due by 01/15/2027
<b>06/30/2026</b>	PE 06/30/2026 due by 12/31/2026	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	PE 12/31/2026 due by 02/16/2027

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