



Date: April 27, 2026

RE: Updates on the Unpaid 2022 and 2023 Benefit Year Risk Adjustment Charges by Bright Health Group and Friday Health Plans

On October 27, 2023, the Centers for Medicare & Medicaid Services (CMS) released an overview of the collection of unpaid 2022 benefit year risk adjustment charges from two large health insurance issuers of risk adjustment covered plans,¹ Bright Health Group (Bright) and Friday Health Plans (Friday).² In the 2022 benefit year HHS-operated risk adjustment program,³ these two health insurance issuers, participating in multiple states, ended the year with financial issues that impacted their ability to timely pay their risk adjustment charges under the state payment transfer formula in full.^{4,5,6} The October 2023 overview outlined repayment agreements between Bright and CMS to collect unpaid 2022 benefit year risk adjustment charges. Additionally, the overview detailed debt collection efforts CMS undertook to collect unpaid 2022 benefit year risk adjustment charges from Friday.

This document provides an update on the collection of 2022 benefit year risk adjustment charges from Bright and the 2022 and 2023 benefit year risk adjustment charges from Friday under the HHS-operated risk adjustment program.

¹ See 45 CFR § 153.20 for a definition of “risk adjustment covered plan”.

² See Unpaid 2022 Benefit Year Risk Adjustment Charges by Bright Health Group and Friday Health Plans, available at <https://www.cms.gov/files/document/unpaid-by2022-ra-charges-memo-10-26pdf-508-compliant.pdf>.

³ Section 1343 of the Affordable Care Act (ACA) establishes the permanent risk adjustment program for the individual and small group (including merged) markets. Consistent with section 1321(c)(1) of the ACA, HHS is responsible for operating the risk adjustment program on behalf of any state that fails to elect to do so. Since the 2017 benefit year, CMS, on behalf of HHS, has operated the risk adjustment program in all 50 states and the District of Columbia.

⁴ See 86 FR 24140 at 24183 - 24186 for information on and an illustration of the state payment transfer formula.

⁵ For additional information, see StarTribune article “Bright Health owes \$380 million in delayed payments to federal government” September 19, 2023 at <https://www.startribune.com/bright-health-owes-380-million-delayed-payments-federal-government-medicare-medicaid-risk-adjustment/600305770/> and Fierce Healthcare article “Bright, Friday could cost other payers \$1B in risk adjustment payments, expert says” August 16, 2023 at <https://www.fiercehealthcare.com/payers/expert-insurtechs-bright-and-friday-might-leave-other-insurers-hook-1b-risk-adjustment>.

⁶ All other 2022 benefit year risk adjustment charges from other issuers of risk adjustment covered plans were paid in full and the funds collected were distributed as 2022 benefit year risk adjustment payments in the November 2023 cycle. For information on the 2022 benefit year risk adjustment transfer calculations for the HHS-operated risk adjustment program, see <https://www.cms.gov/files/document/summary-report-permanent-risk-adjustment-transfers-2022-benefit-year.pdf>.

Bright Health Group

Bright initially made a lump sum up-front payment (approximately \$1.5 billion) towards their total 2022 benefit year risk adjustment charges of \$1.9 billion and on September 14, 2023, CMS approved 18-month repayment agreements with Bright's Texas, Illinois, Colorado, and Florida.⁷ CMS is now providing updates on each of the four repayment agreements.

First, on November 29, 2023, Bright's Texas entity was placed into liquidation.⁸ Under the terms of the repayment agreement, the liquidation order constituted a default, which resulted in the termination of the repayment agreement for Bright's Texas entity. CMS timely filed a proof of claim to preserve HHS' claim to all debts owed, including the unpaid debts for the 2022 benefit year risk adjustment charges for Bright's Texas entity. As of March 2026, Bright's Texas entity has an outstanding 2022 benefit year charge amount balance of \$89.638 million. CMS continues to pursue collection of these debts through the liquidation proceedings.

Second, in January 2025, Bright's Illinois entity paid their outstanding 2022 benefit year risk adjustment charges in full.

For the third and fourth repayment agreement, on November 25, 2024, Bright requested to extend their existing repayment plan agreements in Colorado and Florida by 18 months and requested an interest waiver under the criteria set forth in 45 C.F.R. § 30.18(g).

On March 10, 2025, CMS approved the modified repayment agreements to extend Bright's existing repayment agreements for Colorado and Florida for an additional 18 months. CMS worked with Bright and the state Departments of Insurance in Colorado and Florida to develop the modified repayment agreements for the remaining 2022 benefit year risk adjustment charges. The repayment agreements specified that should the interest waiver be approved, a lump-sum payment of \$25.506 million is required from Bright's Colorado entity and \$83.494 million from Bright's Florida entity.

On February 6, 2026, CMS notified Bright's Colorado and Florida entities of HHS's approval of the interest waiver request and on March 6, 2026, Bright's Colorado entity made a lump-sum payment of \$34.040 million and Bright's Florida entity made a lump-sum payment of \$95.064 million, for a total lump-sum payment of \$129.1 million, in excess of the required lump-sum payment of \$109 million required by the modified repayment agreements in the event of an approved interest waiver request. CMS will apply these payments to the respective entities'

⁷ Bright requested four repayment agreements with CMS for their legal entities domiciled in Florida, Illinois, Texas, and Colorado (which includes Bright's operations in Alabama, Colorado, Nebraska, Oklahoma, Utah, and Virginia due to the structure of their legal entity). For more information on the terms of the September 14, 2023 repayment agreements, *see supra* note 1.

⁸ *See* Agreed Order Appointing Liquidator, Permanent Injunction, and Notice of Automatic Stay; *available at* <https://www.tdi.texas.gov/receiverships/documents/566bhictxliqord.pdf>.

principal balances and distribute such payments less sequestration to issuers with outstanding 2022 benefit year risk adjustment payments beginning in the May 2026 payment cycle.

Pursuant to 45 C.F.R. § 153.710(h)(2), an issuer that is notified by CMS of an adjustment to their risk adjustment State payment transfer before August 15 is required to report the adjustment in the current MLR reporting year, and any adjustments to risk adjustment State transfers not reported in the current year must be reported in the subsequent reporting year. Therefore, to the extent the amount of these payments is determined prior to August 15, 2026, they must be reported in Part 2, Line 1.10 (Federal Risk Adjustment Program net payments expected from HHS / (charges payable to HHS)) of the 2025 MLR Annual Reporting Form, together with the regular risk adjustment transfer amounts for the 2025 benefit year. To the extent any amounts are determined after August 15, 2026 and prior to August 15, 2027, they must be reported in the same manner on the 2026 MLR Annual Reporting Form. For any questions related to MLR reporting, issuers may contact MLRQuestions@cms.hhs.gov.

After application of the March 2026 payments to Bright's outstanding principal balances, the remaining outstanding 2022 benefit year risk adjustment principal balances will be \$38.534 million for Bright's Colorado entity and \$104.192 million for Bright's Florida entity. The final payment for the outstanding balances in Colorado and Florida from Bright is due no later than the end of the modified repayment agreement, in September 2026.

Friday Health Plans

Friday entered state liquidation on March 23, 2023 in Texas, August 1, 2023 in Georgia, and September 1, 2023 in Oklahoma, Nevada, Colorado, and North Carolina. Friday was not able to timely pay their 2022 benefit year risk adjustment charges in full in Colorado, Georgia, Nevada, New Mexico, North Carolina, and Texas. As of March 2026, Friday had paid 6 percent of their total 2022 benefit year risk adjustment charges of \$780 million. Friday's entities in Colorado, Georgia, North Carolina, and Oklahoma continued to operate and offer risk adjustment covered plans in certain state market risk pools for the 2023 benefit year and therefore were required to participate in the HHS-operated risk adjustment program for those state market risk pools for the 2023 benefit year.⁹

CMS timely filed proof of claims in Texas, Georgia, Oklahoma, Nevada, Colorado, North Carolina, and Delaware,¹⁰ and amendments thereto in June of 2025, to preserve HHS' claim to all

⁹ For more information, see <https://www.cms.gov/cciio/programs-and-initiatives/premium-stabilization-programs/downloads/ra-report-by2023pdf>.

¹⁰ FHP ABC, LLC is an assignee for the benefit of creditors. On July 6, 2023, Friday Health Plans, Inc. and Friday Health Plans Management Services, Inc., both Delaware corporations, executed an Assignment for the Benefit of Creditors in favor of FHP ABC, LLC. FHP ABC is Delaware series limited liability company. See FHP ABC Notice for the Commencement of Assignment for the Benefit of Creditors; *available at* <https://dsiassignments.com/cases/fhp-abc/>.

debts owed, including the unpaid debts for the 2022 and 2023 benefit year risk adjustment charges in these states.

Should CMS receive payments for 2022 and 2023 benefit year risk adjustment charges through the liquidation proceedings, consistent with the established policy for addressing shortfalls in the collection of risk adjustment charges, issuers in the same state market risk pools as Friday who were eligible to receive 2022 and 2023 benefit year risk adjustment payments will receive payments on a prorated basis.¹¹

¹¹ See the Payment Processing Job Aid for risk adjustment payment cycle calculations
https://regtap.cms.gov/reg_librarye.php?i=2088https://regtap.cms.gov/reg_librarye.php?i=2088.