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DATE: March 25, 2011

TO: All Current Medicare Advantage Organizations, Prescription Drug Plan Sponsors, 1876 Cost Plans and PACE Organizations

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SUBJECT: Release of the HPMS Fiscal Soundness Module

CMS is pleased to announce the release of the HPMS Fiscal Soundness functionality for 2010 audited annual financial submissions and 2011 quarterly financial submissions. To access the Fiscal Soundness module, plan users should use the following navigation path: HPMS Homepage > Monitoring > Fiscal Soundness.

The Fiscal Soundness Report Requirements (FSRR) apply to all Medicare Advantage (MA), Prescription Drug Plans (PDPs) 1876 Cost Plans and PACE Organizations that have active contracts (initial and renewing) in Contract Year (CY) 2011. All organizations (except PACE) must provide CMS with their 2010 Annual Audited Financial Statements no later than **April 30, 2011 at 11:59 pm (PDT)**.

CMS would like to highlight two key changes made to the Fiscal Soundness Module for the 2011 submission year:

- The financial documentation that must be uploaded as the “Submission of Financial Information” remains unchanged; however, only the following four data elements will need to be keyed in:
 - Total Assets
 - Total Liabilities
 - Net Income
 - Cash flow from Operations
- Requests for an extension of the financial submission deadline must be submitted using the new “Submission of Extension Requests” function within the Fiscal Soundness Module.

- Extension requests for multiple contracts covering multiple NAIC numbers may be submitted together; however, all contracts under a single NAIC number must be included.
- Documentation supporting each extension request (i.e., proof of state extension, or proof of later due date by the state) must be uploaded with the request.
- Approval or denial of each extension request will be sent by e-mail.

PACE organizations will continue to submit their financial material based on the Accounting Fiscal Year End Date entered in HPMS – Contract Management:

- PACE Organizations' Annual Audited Financial Statements are due 180 days after the Accounting Fiscal Year End Date;
- Quarter 1, Quarter 2, Quarter 3 and Quarter 4 must be submitted for all PACE Organizations in their first three years of operation. Some PACE contracts may have to continue to submit this material after the first three years if deemed necessary by CMS due to fiscal solvency concerns. If this is the case, CMS would require quarterly financial statements consisting of a balance sheet, income statement, and cash flow statement. All quarterly financial information is due 45 days after the end of the quarter.
- Due to the nature of PACE having non-calendar year ends, PACE organizations now have the ability to submit financial reports for years 2010, 2011 and going forward into 2012.

For more information on the Fiscal Soundness Report Requirements, please visit http://www.cms.gov/HealthPlansGenInfo/50_FSRR.asp#TopOfPage or the “User Guide” link on the Fiscal Soundness Start Page in HPMS.

Questions concerning the Fiscal Soundness Report Requirements may be sent in an email to FinancialReview@cms.hhs.gov or may be directed to the financial management specialist assigned to your plan as specified on the Fiscal Soundness Start Page in HPMS.

If you require technical assistance, please contact the HPMS Help Desk (hpms@cms.hhs.gov or 1-800-220-2028) or Adam Foltz (adam.foltz@cms.hhs.gov or 410-786-0408).

Thank you.