

60.2 - Financial Solvency

(Rev. 111, 05-03-13, Effective: 05-03-13, Implementation: 05-03-13)

An MAO generally must be licensed as a risk-bearing entity eligible to offer health insurance or health benefits coverage under State law. (See 42 CFR 422.400(a).) CMS waived the licensure requirement for employer/union direct contract MAOs that provide coverage to their own members pursuant to its waiver authority. However, as a condition of this waiver, CMS requires that these entities meet certain financial solvency standards. CMS requires that the entity demonstrate that its fiscal soundness is commensurate with its financial risk, and that through other means, the entity can assure that claims for benefits paid for by CMS and beneficiaries will be covered.