

MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

DATE: June 1, 2026

TO: Medicare Advantage Organizations, Prescription Drug Plan Sponsors, and Section 1876 Cost Plans

FROM: Gerard J. Mulcahy
Director, Medicare Drug & Health Plan Contract Administration Group

SUBJECT: Contract Year 2027 Agent and Broker Compensation Rates, Referral/Finder's Fees, Submissions, and Training and Testing Requirements

This memorandum provides Contract Year (CY) 2027 agent and broker compensation rates, referral/finder's fee amounts, directions for submitting these rates and amounts into the Health Plan Management System (HPMS), as well as guidance for Medicare Advantage (MA) plans and Part D sponsors for developing training and testing that satisfies requirements provided at 42 C.F.R. §§ 422.2274(c) and 423.2274(c).

On August 18, 2025, the U.S. District Court for the Northern District of Texas issued a ruling in *Americans for Beneficiary Choice v. HHS*, No. 4:24-cv-00439-O, and *Council for Medicare Choice v. HHS*, No. 4:24-cv-00446-O, which vacated several provisions of the "Medicare Program; Changes to the Medicare Advantage and the Medicare Prescription Drug Benefit Program for Contract Year 2024-Remaining Provisions and Contract Year 2025 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly (PACE)," 89 FR 30448 (herein after referred to as the CY 2025 Final Rule). More specifically, the district court vacated those parts of the CY 2025 Final Rule that amended 42 C.F.R. § 422.2274 (a), (c), (d), (e) and § 423.2274(a), (c), (d), (e). The government did not appeal that ruling to the court of appeals. Therefore, the regulatory language within § 422.2274(a), (c), (d), (e) and § 423.2274(a), (c), (d), (e) that was effective prior to the issuance of the CY 2025 Final Rule remains in effect until further notice.

Compensation Rates and Referral/Finder's Fees for CY 2027

As provided in 42 C.F.R. §§ 422.2274(d)(2) and 423.2274(d)(2), the compensation amount an organization pays to an independent agent or broker for an initial enrollment must be at or below the fair market value (FMV). 42 C.F.R. §§ 422.2274(d)(3) and 423.2274(d)(3) limit renewal compensation to a maximum of 50% of the FMV. 42 C.F.R. §§ 422.2274(f) and 423.2274(f) limit the amount an organization may pay for referrals.

Each year, CMS publishes updated FMV amounts for initial and renewal compensation as well as referral fees. The amounts below are calculated based upon the methodology in place prior to

issuance of the CY 2025 Final Rule, as described in 42 CFR §§ 422.2274(a) and 423.2274(a). The FMV amounts for CY 2027 are as follows:

MA and Section 1876 Cost Plans

Compensation Type	National	Connecticut, Pennsylvania, District of Columbia	California New Jersey	Puerto Rico, U.S. Virgin Islands
Initial Year	\$725	\$816	\$902	\$495
Renewal Years	\$363	\$408	\$451	\$248

PDPs

Initial Year	\$130
Renewal Years	\$65

Referral Fees

MA Plans	\$100
PDP Plans	\$25

NOTE: CMS rounded the FMV amounts for CY 2027 up to the nearest dollar. The Initial Year amount is the maximum allowable amount that organizations may pay for enrollments during compensation cycle-year 1. The renewal amount is the maximum allowable amount that organizations may pay for enrollments during compensation cycle-years 2 and beyond, for a like-plan type.

Compensation Rate Submission for CY 2027

42 C.F.R. §§ 422.2274(c)(5) and 423.2274(c)(5) require organizations to report to CMS whether the organization intends to use employed, captive, or independent agents or brokers in the upcoming plan year along with the specific rates or range of rates the plan will pay independent agents and brokers. In addition, if an organization pays referral fees, they must disclose the amount. The regulations state that organizations must provide this data to CMS by the last Friday in July which would be July 31, 2026, for the 2027 plan year.

CMS has provided instructions for data entry in the HPMS Marketing Module User Guide. Organizations must submit their agent/broker information in the HPMS Marketing Module between **June 1 and July 31, 2026, 11:59 pm EST**. Please note that CMS does not consider the submission process complete until the organization's CEO, COO, or CFO has completed the attestation in HPMS. Organizations that fail to submit and attest to their agent and broker compensation data by 11:59 pm EST on July 31, 2026, will be out of compliance with CMS requirements. Furthermore, organizations may not make changes to those submissions after July 31, 2026.

CMS expects organizations to keep full records documenting that they are updating compensation schedules and paying agents and brokers according to CMS requirements. Please note that CMS will make the CY 2027 organization-submitted compensation information available for the public to view at: <https://www.cms.gov> prior to the annual election period for CY 2026.

Expanded voluntary data collection

To enhance transparency in agent and broker compensation, CMS is requesting that Medicare Advantage (MA) and Part D plans voluntarily submit additional compensation data beyond the existing reporting requirements under §§ 422.2274(c)(5) and 423.2274(c)(5), which obligate MA organizations and Part D sponsors to report their intent to utilize employed, captive, or independent agents or brokers in the upcoming plan year, along with the specific rates or range of rates to be paid to independent agents and brokers. Specifically, CMS is asking MA organizations and Part D sponsors to voluntarily provide (1) an indication when they intend to pay \$0 in compensation to any independent agent or broker for a particular Plan Benefit Package (PBP), and (2) the actual compensation amounts paid per PBP as opposed to the required minimum and maximum range of compensation.

The new data fields will be within the same page of the Health Plan Management System (HPMS) used for the required data submission. Unlike required data submissions, which are finalized and cannot be modified after the last Friday in July and are posted on the CMS website yearly, these voluntary data fields will remain open and may be updated at any point throughout the plan year if there are changes and will not be posted on the CMS website. CMS strongly believes that this increased transparency will help address concerns, including those expressed by several states, regarding agent and broker compensation raised during the 2026 Annual Enrollment Period (AEP). Moreover, the voluntary data will help to further inform CMS as we consider future changes to agent and broker compensation. The new voluntary fields will be available in HPMS by Monday, June 29, 2026.

Curricula for Training and Testing Agents and Brokers for CY 2027

42 C.F.R. §§ 422.2274(b)(2) and 423.2274(b)(2) require that organizations train and test all agents and brokers selling Medicare products, including employees, subcontractors, downstream entities, and/or delegated entities annually on Medicare Parts A, B, C, D, and plan specific information. Under §§ 422.2274(b)(2) and 423.2274(b)(2), agents and brokers must achieve an 85% or higher score to satisfy the testing requirement.

To assist MA organizations in ensuring the quality of agent and broker training and testing programs, CMS annually provides minimum training and testing guidelines to organizations. Organizations should review these guidelines before developing their own agent and broker training and testing programs to understand the scope of the training and testing requirements. CMS encourages organizations, as well as third-party training and testing vendors used by plans, to include other relevant topics in addition to the minimum elements provided in CMS's annual guidelines.

CMS will make the CY 2027 CMS training and testing guidelines available at:

<https://www.cms.gov/medicare/health-drug-plans/managed-care-marketing/models-standard-documents-educational-materials>

Enrollment form accessibility

CMS has received feedback from stakeholders, including state departments of insurance, and members of congress, expressing concern that MA and Part D enrollment forms are not being

made readily available to Medicare beneficiaries, or being overly difficult to obtain by requiring Medicare beneficiaries to input information or navigate through several prompts and screens including decision making tools to access an enrollment form. We understand that certain features, like decision making tools, may help a beneficiary in their decision-making process, however, CMS cautions MA plans and Part D sponsors that such barriers could be viewed as misleading or confusing, as prohibited under 42 C.F.R. §§ 422.2262 and 423.2262. Moreover, if a decision-making tool only offers a subset of the MA or Part D plan's selections available, it could run afoul of the requirement under §§ 422.2265(b)(14) and 423.2265(b)(15) to include enrollment instructions and forms on the plan's website. A best practice for MA plans and Part D sponsors is for the website to include a direct link to applications for those beneficiaries wanting more direct access to enrollment forms. CMS may conduct surveillance activities to monitor compliance with these requirements and address any identified deficiencies.

Please contact your CMS Account Manager with any questions. For technical assistance with HPMS submissions, please contact the HPMS Help Desk at: hpms@cms.hhs.gov, or 1-800-220-2028.