



MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

DATE: May 27, 2014

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

FROM: Kathryn A. Coleman
Acting Director

SUBJECT: Contract Year 2015 Agent/Broker Compensation Rate Adjustments and Submissions & Contract Year 2015 Agent/Broker Training and Testing Guidelines

This memorandum provides the updated agent and broker compensation limits for Contract Year (CY) 2015 and information regarding submitting compensation amounts to the Centers for Medicare & Medicaid Services (CMS) through the Health Plan Management System (HPMS). Additionally, this memorandum provides guidelines for Medicare Advantage organizations, Prescription Drug Plan sponsors, and Section 1876 Cost Plans (herein after “organizations”) to use in developing their curricula for training and testing agents and brokers for CY 2015.

Compensation Rate Adjustment for CY 2015

As provided in 42 C.F.R. §§422.2274(a)(1)(i)(A) and 423.2274(a)(1)(i)(A), the compensation amount paid to an independent agent or broker for an enrollment must be at or below the fair market value (FMV) cut-off amounts published yearly by CMS.

The chart below summarizes the CY 2015 FMV cut-off amounts for all organizations.

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	\$408	\$461	\$510	\$280
Renewal Years	\$204	\$230	\$256*	\$140
PDPs				
Initial Year	\$56*			
Renewal Years	\$28*			

NOTE: The FMV amounts for CY 2015 are rounded to the nearest dollar. The Initial Year Amount is the maximum paid for enrollments during compensation cycle-year 1. The Renewal Amount is the maximum paid for enrollments during compensation cycle-years 2 and beyond.

Compensation Rate Submission for CY 2015

As in past years, all organizations must inform CMS whether they are using employed, captive, or independent agents. Organizations that use independent agents must provide the compensation amount or range of amounts paid for these agents. Additionally, if referral fees are paid, organizations must disclose the referral fee amount. Instructions for data entry are included in the HPMS Marketing Module User Guide.

Organizations may submit their agent/broker information in the HPMS Marketing Module from May 30, 2014 through July 25, 2014. Please note that the submission process is not 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 July 25, 2014 will be out of compliance with CMS requirements.

We expect organizations to keep full records documenting that compensation schedules are updated and agents/brokers are being paid according to CMS requirements.

Please note that the CY 2015 compensation information submitted will be made available for the public to view on www.cms.gov before the annual election period for CY 2015.

If your organization requires technical assistance, please contact the HPMS Helpdesk at hpms@cms.hhs.gov, or 1-800-220-2028.

Curricula for Training and Testing Agents and Brokers for CY 2015

Regulations at 42 C.F.R. §§422.2274 and 423.2274 require that agents and brokers be trained and tested annually on Medicare Parts A, B, C, D, and plan specific information. CMS further requires that agents and brokers obtain an 85% passing rate on the test. Organizations are responsible for ensuring that all agents and brokers that sell Medicare products, including employees, subcontractors, downstream entities, and/or delegated entities, meet these requirements.

In order to ensure the quality of all agent and broker training and testing programs, CMS provides training and testing guidelines to organizations offering MAO, PDP and Section 1876 Cost plans on an annual basis. CMS has revised the training and testing guidelines to more fully articulate the minimum requirements for agent and broker training and testing. Organizations should review these requirements prior to developing their own agent broker training and testing program to ensure compliance with CMS requirements. In addition to the minimum required elements contained within the attached guidance, organizations and third-party training and testing vendors are permitted and encouraged to include other relevant topics (e.g. fraud, waste and abuse).

CMS will send an email via HPMS that includes a hyperlink to the CY 2015 CMS training and testing guidance developed by CMS for CY 2015, as soon as it is available.

We thank all organizations for their continued commitment in ensuring that all agents and brokers complete the required training and testing and meet all other CMS requirements so they provide Medicare beneficiaries with accurate and reliable information.

If you have any questions, please contact your CMS Account Manager.