



MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

MEMORANDUM

DATE: May 16, 2013

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

FROM: Danielle R. Moon, J.D., M.P.A.
Director

SUBJECT: Agent and Broker Compensation Rate Adjustments and Submissions for Contract Year 2014

This memorandum provides the updated agent and broker compensation limits for contract year (CY) 2014. It also describes the steps for submitting agent and broker information to the Centers for Medicare & Medicaid Services (CMS) through the Health Plan Management System (HPMS).

Compensation Rate Adjustment for 2014

As provided in CMS regulations at 42 CFR §§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 2014 FMV cut-off amounts for all organizations, plan sponsors, and cost plans (plans).

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	\$425	\$480	\$532	\$292
Renewal Years	\$213	\$240	\$266	\$146
PDPs				
Initial Year	\$56			
Renewal Years	\$28			

NOTE: The FMV amounts for CY 2014 are rounded to the nearest dollar. The Initial Year Amount is paid for enrollments during compensation cycle-year 1. The Renewal Amount is paid for enrollments during compensation cycle-years 2-6.

Compensation Rate Submission for 2014

As in past years, all plans must inform CMS whether they are using employed, captive, or independent agents. Plans that use independent agents must provide the compensation amount or range of amounts paid for these agents. Additionally, if referral fees are paid, plans must disclose the referral fee amount. Instructions for data entry will be included in the HPMS Marketing Module User Guide release on May 31, 2013.

Plans may submit their agent/broker information in the HPMS Marketing Module from May 31, 2013 through July 29, 2013. Please note that the submission process is not complete until the plan's CEO, COO, or CFO has completed the attestation in HPMS. Plans failing to submit and attest to their agent/broker compensation data by July 29, 2013 will be out of compliance.

We expect plans to keep full records proving that compensation schedules are updated and agents/brokers are being paid in a manner in line with CMS requirements.

Please note that the CY 2014 compensation information submitted will be made available for beneficiaries to view on www.cms.gov and www.medicare.gov, before the annual election period for CY 2014.

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