

HPMS E-Mail

Date: July 7, 2009

Subject: Agent and Broker Compensation

On June 26, 2009, CMS sent an HPMS email indicating that we were suspending implementation of our June 5, 2009 memorandum entitled "2009 Medicare Advantage and Prescription Drug Program Agent and Broker Compensation Refinements and Compensation Rate Adjustment for 2010." While we expect to issue more detailed guidance shortly via an HPMS memorandum, we wanted to take this opportunity to provide organizations and sponsors with a summary of the guidance we expect to release.

We intend to rescind the low-end fair market value (FMV) cut-off amounts established in our June 5, 2009 memorandum. Sponsors and organizations must ensure their compensation amounts are below the FMV cut-off established in our January 16, 2009, memorandum. We note that we are not changing the high-end FMV cut-off amounts established in our January 16, 2009 memorandum (with the exception of Puerto Rico and the U.S. Virgin Islands, as noted below).

Organizations and sponsors may, but are not required to, adjust their compensation and resubmit their 2009 compensation amounts, provided those amounts are below the FMV cut-off amounts established on January 16, 2009.

For organizations and sponsors in Puerto Rico (PR) and the U.S. Virgin Islands (USVI), we will establish the amount announced in the June 5, 2009 memorandum (\$274) as the high-end initial compensation FMV cut-off. All organizations and sponsors in PR and USVI whose compensation rates are above the high-end FMV cut-off amount will be required to resubmit compensation schedules for 2009.

Those organizations that are resubmitting their rates must do so by July 31, 2009. Any resubmitted amounts will become the new 2009 compensation amounts, and must be paid for enrollments effective September 1, 2009, through the remainder of 2009.