

CENTER FOR DRUG AND HEALTH PLAN CHOICE

DATE: November 17, 2009

TO: Medicare Advantage (MA) Organizations
Medicare Advantage-Prescription Drug (MA-PD) Organizations
Medicare Cost-Based Contractors
Medicare Prescription Drug Plan (PDP) Sponsors

FROM: Danielle R. Moon, J.D., M.P.A. /s/
Acting Director, Medicare Drug & Health Plan Contract Administration Group

SUBJECT: Guidance on the New MARx Agent/Broker Compensation Report

The purpose of this memorandum is to provide MA organizations, cost-based contractors, and PDP sponsors (hereinafter referred to as “plan sponsors”) with guidance regarding the new monthly agent/broker compensation report that will be available from MARx beginning in January 2010. In September and November of 2008, CMS published regulations (CMS-4138-IFC and CMS-4138-IFC2) implementing the compensation provisions of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA). These regulations defined total compensation, established the rules for determining and limiting initial and renewal compensation amounts, and established the six-year compensation cycle under which plans must pay independent agents and brokers for sales of Medicare plans (MA plans, Medicare cost plans, and Medicare PDPs).

In order for plans to determine whether an agent or broker should be paid an initial or renewal compensation amount for the sale of a Medicare plan, plan sponsors must know information about a beneficiary’s previous enrollment. Given the tight implementation timeframes required by MIPPA, CMS did not have sufficient lead time to develop the systems capability in MARx to provide plan sponsors with the information necessary to make these determinations for 2009 enrollments. Therefore, we developed an ad hoc monthly compensation report which we began to release in the spring of 2009. We instructed plans to pay agents and brokers renewal compensation amounts for 2009 sales until they could confirm, via these ad hoc reports, those enrollments for which agents or brokers should receive an initial compensation amount and adjust the compensation payment accordingly. These ad hoc compensation reports were intended to be only a temporary solution while we made systems changes to MARx. Beginning in January 2010, CMS will release a new compensation report, the “MARx Agent/Broker Compensation Report”. (See Attachments 1 & 2 for more information about the report layout)

This new report will be similar to the 2009 ad hoc compensation report, but will provide more detailed information. In January of each year, we will release a summary report that will include enrollment changes effective January 1, along with any prospective enrollments effective February, March, and April (See Attachment 3). Subsequent monthly reports will include all enrollment changes effective that month (e.g., the February 2010 report will include enrollment changes effective January 2, 2010 through February 1, 2010). Reports will be generated on the first Saturday of each month, validated, and released to plans. Plans will receive a report only for months in which an enrollment occurs; they will not receive a report that includes members that do not have an established compensation cycle until that member makes an election. Also, plans will not receive reports for disenrollments. Plans must ensure that, upon a beneficiary's disenrollment, any associated compensation payments to agents/brokers cease.

Plan sponsors should use the report to determine whether, for a particular enrollment:

- a compensation cycle exists,
- where in the 6-year compensation cycle a particular beneficiary is; and
- the type of compensation (initial or renewal) that should be paid to the agent/broker, if an independent agent/broker is used.

The report will include fields identifying whether a 6-year compensation cycle exists and where within the 6-year cycle the enrollment falls. In addition, the report will account for retroactive enrollments, auto-assignments, facilitated enrollments, and any other non-beneficiary initiated enrollment changes. Additionally, the report will provide plan sponsors with information describing the prior plan type (e.g., MA, cost plan, or PDP). The plan type information contained in the compensation report will provide plan sponsors with the ability to determine what type of payment – initial or renewal – should be made when a plan sponsor compensates an agent or broker for the sale of one of its plans. (See Attachment 4 for information about how plans types are coded in MARx.)

The report will also contain the following elements:

- beneficiary, contract, and plan identifiers;
- the enrollment effective date;
- the six-year compensation cycle status; and
- the beneficiary's prior plan enrollment.

As with the 2009 reports, there are a number of elements contained in the 2010 MARx report that plan sponsors can use to match enrollments with their own compensation records. While plan sponsors do not have to wait to receive the CMS compensation report to pay their agents or brokers, they should use the compensation reports to ensure that they have paid agents and brokers consistent with all CMS rules about agent and broker compensation, including fair market value limits on compensation. Plan sponsors must maintain all documentation necessary to ensure their compensation payments are, in fact, consistent with CMS rules. For example,

plan sponsors should be able to demonstrate to auditors that an agent payment associated with a beneficiary enrollment is linked to a compensation schedule that corresponds to the total compensation amount, or falls within the range of total compensation amounts, filed with CMS. Additionally, when applicable, plan sponsors should have documentation associated with any related referral fees, compensation paid to third party marketing organizations (like Field Marketing Organizations (FMOs) or General Agents (GAs)) for an enrollment, or administrative fees.

Please see attachment 5 for several examples of how certain enrollment transactions will appear in the new report and their ramifications for any compensation payments paid to an agent/broker. We will walk through these and other, more detailed examples during the compensation report training that will be conducted during the Parts C and D User Call on **Wednesday, November 18, 2009 at 3:30 p.m., E.S.T.**

Thank you for your continued diligence in ensuring that your independent agents and brokers are compensated consistent with CMS rules. If you have any questions, please contact your Regional Office reviewer.

Attachment 1**6-Year Agent/Broker Compensation Data File Layout**

ITEM	FIELD	SIZE	POSITION START	POSITION END	DESCRIPTION
1	Contract Number**	5	1	5	Contact identification
2	PBP	3	6	8	Plan Benefit Package
3	HICN	12	9	20	Health Insurance Claim Number (CAN & BIC)
4	First Name	30	21	50	Beneficiary first name
5	Middle Name	15	51	65	Beneficiary middle name
6	Last Name	40	66	105	Beneficiary last name
7	FILLER	173	106	278	Spaces
8	Enrollment Effective Start Date	8	279	286	Date beneficiary's plan enrollment starts, YYYYMMDD.
9	Cycle-Year as of Enrollment Effective Date	3	287	289	Numeric value representing the broker compensation cycle-year count as of enrollment effective start date: '1' = first calendar year (initial cycle-year), '2' = second calendar year (renewal cycle-year), '3' = third calendar year (renewal cycle-year), '4' = fourth calendar year (renewal cycle-year), '5' = fifth calendar year (renewal cycle-year), '6' = sixth calendar year (renewal cycle-year).
10	Report Generation Date	8	290	297	Date report created, YYYYMMDD
11	Cycle-Year as of Report Generation Date	3	298	300	Numeric value representing the broker compensation cycle-year as of the report generation date: '-1' = no compensation cycle exists as of the report generation date because the reporting date does not fall within the enrollment period. This will occur for both prospective and retroactive enrollments. '0' = reporting date falls within the enrollment period but the compensation cycle completed in a prior year, '1' = first calendar year (initial cycle-year), '2' = second calendar year (renewal cycle-year), '3' = third calendar year (renewal cycle-year), '4' = fourth calendar year (renewal cycle-year), '5' = fifth calendar year (renewal cycle-year), '6' = sixth calendar year (renewal cycle-year).
12	Prior Plan Type	7	301	307	Broad classification of beneficiary's immediately prior plan-type: "NONE" = no prior plan, "MA" = non-drug Medicare Advantage Plan, "MAPD" = Medicare Advantage Plan offering prescription drugs, "COST" = Non-drug Medicare COST plan, "COST/PD" = Medicare COST plan providing prescription drugs, "PDP" = prescription drug plan, "PACE" = Program for All-inclusive Care of the Elderly
13	FILLER	79	308	386	Reserved for future use

Attachment 2

Compensation Report Layout

Contract#	PBP#	HICN	First Name	Middle Name	Last Name		Enrollment Effective Date	Cycle-Year as of Enrollment Effective Date	Report Generation Date	Cycle-Year as of Report Generation Date	Prior Plan Type	

- Use report to determine type of compensation that can be paid as follows:
 - Cycle-year as of Enrollment Effective Date, indicates year 1 through 6 of the 6-year compensation cycle. Year 1 is initial year and years 2 – 6 are renewal years.
 - Cycle-year as of Report Generation Date, -1 indicates no compensation cycle as of report generation date, 0 indicates compensation cycle completed in prior year, 1-6 indicates year within 6-year cycle at time of report generation.
 - Prior plan type (e.g., None, MA/MAPD, Cost/Cost PD, PDP, or PACE)

Attachment 3**Sample****MARx Agent/Broker Compensation Year-End Summary Report**

Below is a sample report generated on January 1, 2015.

	Contract#	PBP#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle- Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle- Year as of Report Generation Date	Prior Plan Type
a.	Hxxxx	001	...	20150101	1	20150101	1	COST
b.	Hxxxx	001	...	20150101	1	20150101	1	NONE
c.	Hxxxx	001	...	20150101	1	20150101	1	PDP
d.	Hxxxx	001	...	20090101	1	20150101	0	MAPD
e.	Hxxxx	001	...	20150401	1	20150101	-1	NONE
f.	Hxxxx	001	...	20150101	2	20150101	2	MAPD
g.	Hxxxx	001	...	20130101	1	20150101	3	COST/PD

(NOTE: The actual report will display the HICN and beneficiary name information rather than ellipses as shown here.)

- Enrollment in MA-PD plan (Hxxxx-001) from cost plan. Cycle-year count as of effective date is "1," indicating an initial payment amount ("unlike" plan type change).
- New enrollment (no previous plan) in MA-PD plan (Hxxxx-001). Cycle-year count as of effective date is "1," indicating an initial payment amount.
- Enrollment in MA-PD plan (Hxxxx-001) from PDP. Cycle-year count as of effective date is "1," indicating an initial payment amount ("unlike" plan type change).
- Six-year compensation cycle has expired. Cycle-year count as of report generation date is "0."
- Prospective new enrollment in MA-PD plan (Hxxxx-001) effective in April. Cycle-year count as of report generation date is "-1," indicating that the enrollment is prospective.
- Enrollment in MA-PD plan (Hxxxx-001) from MA-PD plan. Cycle-year count as of effective date is "2," indicating a renewal payment amount to ("like" plan type change).
- Retroactive enrollment in MA-PD plan (Hxxxx-001) from a cost plan with prescription drug coverage effective January 1, 2013. Since the report generates in January 2015 (the beginning of the third year of enrollment in the plan), the current cycle-year count is "3," indicating a renewal payment amount.

Attachment 4

Compensation Plan-type Coding in MARx

Plan Type	Pay Bill Option/ Demo Type	Description
Cost & Cost/PD	01, 02, 03, 25	HCPP, Cost 1, Cost 2, CCIP/FFS
MA & MAPD	12/G, 12/U, 12/1, 12/7, 12/S, 12/R, 12/O, 12/V, 12/N, 18, 19, 20, 21, 22, 23, 42, 44, 45, 46, 47, 48, 49	MSA Demo, ES RD I Demo, SHMO I, SHMO II, WPP, MSHO, MDHO, ESRD II, Mass. Dual Eligible, PSO Licensed (CCP) – SNP, PSO Waivered (CCP) – SNP, PFFS, HMO (CCP) – SNP, RFB PFFS, PPO (CCP) – SNP, Regional MA, Employer Direct PFFS, MSA, RFB HMO, RFB HMOPOS. RFB LPPO, RFB PSO State License
PDP	40, 41, 43	PDP, Employer Sponsored PDP, Fallback PDP

- “Like” plan types coded by Pay Bill Option/Demo Type
 - Cost & Cost/PD
 - MA & MAPD
 - PDP

Attachment 5

Below are several examples of how enrollment transactions will appear in the new report.

Enrollment Changes in 2009 and 2010

Example 1: A beneficiary makes an enrollment election effective in 2009 and subsequently makes another enrollment election effective in 2010. The 2010 election involves an “unlike” plan type change (e.g., cost plan to PDP). This enrollment election qualifies for an initial compensation payment and results in the beginning of a new six-year compensation cycle. The sample report below shows that the “Cycle-Year as of Enrollment Effective Date” is “1,” indicating that an initial compensation amount should be paid for this enrollment. It also shows that the prior plan was a cost plan and the current plan is a PDP (i.e., the “S” number).

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Sxxxx	...	20100201	1	20100206	1	COST

(NOTE: The actual report will display the HICN and beneficiary name information rather than ellipses as shown in the examples.)

(NOTE: “Report Generation Date” is normally the first Saturday of a calendar month.)

Example 2: A beneficiary makes an enrollment election effective in 2009 and subsequently makes another enrollment election effective in 2010. The 2010 election involves a “like” plan type change (e.g., PDP to PDP). This new enrollment election qualifies for a renewal compensation payment, and the beneficiary is in year 2 of the 6-year compensation cycle. The sample report below shows that the “Cycle-Year as of Enrollment Effective Date” is “2,” indicating that a renewal amount should be paid for this enrollment. It also shows that the prior plan was a PDP and the current plan is a PDP (i.e., the “S” number).

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Sxxxx	...	20100401	2	20100403	2	PDP

No Enrollment Change in 2009 and Enrollment Change in 2010

Example 3: A beneficiary makes no enrollment change in 2009 but subsequently makes an enrollment election effective in 2010. The 2010 election involves an “unlike” plan-type change (e.g., MA-PD plan to Original Medicare and PDP). This enrollment election qualifies for an initial compensation payment and results in the beginning of a six-year compensation cycle, i.e., year 1 of a new compensation cycle. The sample report below shows that the “Cycle-Year as of Enrollment Effective Date” is “1,” indicating that an initial amount should be paid for this enrollment. It also shows that the prior plan was a MA-PD and the current plan is a PDP (i.e., the “S” number).

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Sxxxx	...	20100201	1	20100206	1	MAPD

Example 4: A beneficiary makes no enrollment change in 2009 but subsequently makes an enrollment election effective in 2010. The 2010 election involves a “like” plan-type change (e.g., MA-PD plan to MA-PD plan, MA plan to MA plan, PDP to PDP, cost plan to cost plan). This enrollment election qualifies for a renewal compensation payment, and the beneficiary is in year 2 of the 6-year compensation cycle. The sample report below shows that the “Cycle-Year as of Enrollment Effective Date” is “2,” indicating that a renewal amount should be paid for this enrollment. It also shows that the prior plan was a MA-PD.

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Hxxxx	...	20100201	2	20100206	2	MAPD

Auto-Assignments, Facilitated Enrollments, Reassignments, and Any Other Non-Beneficiary Initiated Enrollment Changes

Example 5: A beneficiary in a plan that has an established compensation cycle (meaning the beneficiary made an election in 2009 or subsequent years and the six-year compensation cycle has not expired), and under which an agent receives compensation, subsequently moves to another plan through a reassignment, auto-assignment, facilitated enrollment, or any other non-beneficiary initiated enrollment change. The compensation cycle established with the losing plan continues under the receiving plan. The losing plan would cease payment to the agent, and the receiving plan would continue payment to the agent (provided the agent/beneficiary relationship survives the plan change and the agent remains in good standing) under the receiving plan’s schedule for a renewal compensation payment. The sample report below shows that an auto-assignment, facilitated enrollment, reassignment, or other non-beneficiary initiated enrollment change would appear on the compensation report as any other like plan type change.

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Sxxxx	...	20120101	4	20120107	4	PDP

Example 6: A beneficiary enrolled in a plan that does not have an established compensation cycle (meaning that the beneficiary has not as yet made an election change) moves to another plan through a reassignment, auto-assignment, facilitated enrollment, or any other non-

beneficiary initiated enrollment change. This enrollment change does not initiate a new compensation cycle under the new plan and will not appear on the compensation report.

Plan changes within a contract year

Example 7: A beneficiary enrolls in a plan (e.g., MA-PD plan) during his/her initial coverage election period (ICEP) effective May 1 and then later in the same year (September) enrolls in another “like” plan (e.g., MA-PD plan). The losing plan pays the agent an initial compensation amount for the months of May through August. Since the plan change occurs within the initial year, the receiving plan continues paying the agent an initial compensation amount beginning in September through the remainder of the year (unless the beneficiary changes plans again). The receiving plan pays the agent according to the compensation schedule associated with the receiving plan. The sample report below shows that a “like” plan type change occurring in the initial year of enrollment is still compensated at the initial compensation amount. The “Cycle-Year as of Enrollment Effective Date” is “1,” indicating that an initial amount should be paid for this enrollment.

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Hxxxx	...	20100901	1	20100904	1	MAPD

Example 8: A beneficiary enrolled in a plan (PDP) for three years moves to another “like” plan (PDP) effective on June 1, of the third year. The losing plan pays the agent a renewal compensation amount for the months of January through May. Since the plan change occurs within a renewal year, the receiving plan continues paying the agent (or pays a new agent, if there is one associated with the new enrollment) a renewal compensation amount beginning in June through the remainder of the year (unless the beneficiary changes plans again). The sample report below shows that a “like” plan type change occurring within a renewal year is compensated at the renewal compensation amount and the “Cycle-Year as of Enrollment Effective Date” remains the same.

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Sxxxx	...	20120601	3	20120602	3	PDP

Example 9: A beneficiary enrolled in a cost plan with prescription drug coverage for two years moves to different plan-type (MA-PD plan) within the same year (effective April 1). The losing plan pays the agent a renewal compensation amount for the months of January through March. Since the plan change occurs between “unlike” plan types, the receiving plan begins paying the agent an initial compensation amount beginning in April through the remainder of the year (unless the beneficiary changes plans again), and a new compensation cycle begins. The sample report below shows that the “Cycle-Year as of Enrollment Effective Date” is “1,” indicating that

an initial amount should be paid for this enrollment and a new 6-year compensation cycle begins. It also shows that the prior plan was a cost plan with prescription drug coverage.

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Hxxxx	...	20100401	1	20100403	1	COST/PD

Dual enrollments (enrollments in both an MA-only plan and PDP, or cost plan and PDP)

Example 10: A beneficiary is enrolled in both a MA plan (e.g., an MA PFFS plan with no Part D coverage) and a PDP effective on the same date, January 1, 2010. A separate compensation cycle exists for both plans. The agent(s) would receive compensation for enrollment in the MA plan and for enrollment in the PDP. The MA plan and the PDP would each receive a compensation report. The sample reports below show that both enrollments start a 6-year compensation cycle (i.e., the “Cycle-Year as of Enrollment Effective Date” is “1”).

Report for MA enrollment

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Hxxxx	...	20100101	1	20100102	1	NONE

Report for PDP enrollment

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Sxxxx	...	20100101	1	20100102	1	NONE

Example 11: A beneficiary enrolls in a cost plan effective January 1, and a PDP effective June 1, of the same year. Separate compensation cycles exist for both plans. The cost plan receives a report in February for the January enrollment and the PDP receives a report in July for the June enrollment. The sample reports below show the February report generation date for the cost plan and the July report generation date for the PDP.

Report for cost plan enrollment

Contract#	...	Enrollment Effective	Cycle-Year as of	Report Generation	Cycle-Year as of	Prior Plan Type
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		Date (yyyy/mm/dd)	Enrollment Effective Date	Date (yyyy/mm/dd)	Report Generation Date	
Hxxxx	...	20100101	1	20100102	1	NONE

Report for PDP enrollment

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Sxxxx	...	20100601	1	20100605	1	NONE

Example 12: A beneficiary enrolls in an MA plan (e.g., an MA PFFS plan with no Part D coverage) and a PDP. The following year, the beneficiary enrolls in an MA-PD plan. The compensation cycle initiated when the beneficiary enrolled in the MA plan continues after enrollment in the MA-PD plan because the change is between “like” plan types. The compensation cycle for the PDP enrollment ends. The sample report below shows that the “Cycle-Year as of Enrollment Effective Date” is “2,” indicating that a renewal amount should be paid for this enrollment. It also shows that the prior plan was an MA plan.

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Hxxxx	...	20100101	2	20100102	2	MA

Example 13: A beneficiary enrolls in an MA-PD plan. The following year, the beneficiary enrolls in a cost plan and a PDP. The compensation cycle for the MA-PD plan enrollment ends and a new one begins for the cost plan enrollment because the plan change is between “unlike” plan types. A new compensation cycle begins for the PDP enrollment. The cost plan and the PDP would each receive a compensation report. The sample reports below show that both enrollments start a 6-year compensation cycle (i.e., the “Cycle-Year as of Enrollment Effective Date” is “1”).

Report for cost plan

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Hxxxx	...	20100101	1	20100102	1	MAPD

Report for PDP

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Sxxxx	...	20100101	1	20100102	1	NONE

Employer Plans, PACE Plans, and Limited Income Newly Eligible Transition (LI NET) Demonstration Plans

Employer plans, PACE plans, and the Limited Income Newly Eligible Transition (LI NET) demonstration plan are exempt from CMS' compensation rules.

Example 14: A beneficiary moves from an employer, PACE, or Limited Income Newly Eligible Transition (LI NET) Demonstration plan to an MA-PD plan. A new compensation cycle begins.

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Hxxxx	...	20100101	1	20100102	1	NONE, PACE, or MA

Completion of a Compensation Cycle

Once a 6-year compensation cycle ends, a new cycle does not commence until a new enrollment is initiated by the beneficiary (or an agent or broker representing the beneficiary). It is at the plan sponsor's discretion whether to continue compensating agents after the completion of a 6-year compensation cycle.

Example 15: A beneficiary enrolls in an MA-PD plan in 2009 and remains in the same plan through 2016 (two years after the 6-year compensation cycle expires). The MA-PD plan chooses to stop paying renewal compensation once the 6-year compensation cycle has expired. Effective June 1, 2016, the beneficiary enrolls in a different MA-PD plan. A new 6-year compensation

cycle begins. The agent enrolling the beneficiary in the receiving plan is compensated at the receiving plan's initial compensation amount. The sample report below shows that the "Cycle-Year as of Enrollment Effective Date" is "1," indicating that an initial amount should be paid for this enrollment. It also shows that the prior plan was an MA-PD plan.

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Hxxxx	...	20160601	1	20160604	1	MAPD

Retroactive Enrollments

Retroactive enrollments will appear on the report. When these retroactive enrollments impact the compensation cycles of current plans, the current plan will receive correction information. When a retroactive enrollment causes a disenrollment, the disenrolling plan will not receive notice of termination of the compensation cycle. However, the disenrollment received via the Transaction Reply Report (TRR) will serve as notice that the compensation cycle should be terminated.

Example 16: A beneficiary has been enrolled in Plan A since 2007. In 2010, a retroactive enrollment places the beneficiary into Plan D (same plan type as Plan A) effective January 1, 2009. Plan A receives the disenrollment transaction and Plan D receives the enrollment transaction. Plan D receives a compensation report with the "Cycle-Year as of Report Generation Date" reported as "3." Therefore, Plan D pays the agent a renewal amount. Since Plan A received a disenrollment transaction, it no longer pays compensation to the agent for this enrollment. (NOTE: For retroactive enrollments, plans are not required to recover or make additional compensation payments to agents for the months between the enrollment effective date and the report generation date. However, if a compensation cycle exists after the report generation date, plans must continue paying compensation (if an agent is involved) for the remainder of the cycle.)

In the compensation report received by Plan D (shown below) for this enrollment, the "Cycle-Year as of Enrollment Effective Date" displays a "2" because of the "like" plan type change in 2009 and a "Cycle-Year as of Report Generation Date" displays as "3" because the reporting date occurs in the third year of the 6-year compensation cycle.

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Hxxxx	...	20090101	2	20100501	3	COST

Example 17: A beneficiary has been enrolled in Plan M since 2009. In 2017, a retroactive enrollment places the beneficiary into Plan X effective in 2009. Plan M receives a disenrollment transaction report and Plan X receives an enrollment transaction report. Since the 6-year compensation cycle has expired for the retroactive enrollment in Plan X, the compensation report

received by Plan X for this enrollment (below) shows a “Cycle-Year as of Report Generation Date” of “0,” indicating that the compensation cycle for this enrollment has expired. The “Cycle-Year as of Enrollment Effective Date” displays as “1,” indicating that the compensation cycle began on the effective date of the retroactive enrollment (February 1, 2009).

Contract#	...	Enrollment Effective Date (yyyy/mm/dd)	Cycle-Year as of Enrollment Effective Date	Report Generation Date (yyyy/mm/dd)	Cycle-Year as of Report Generation Date	Prior Plan Type
Sxxxxxx	...	20090201	1	20170204	0	COST