



**MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP**

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**DATE:** May 29, 2015

**TO:** Medicare Advantage Organizations  
Prescription Drug Plan Sponsors  
Section 1876 Cost Plans  
Medicare-Medicaid Plans

**FROM:** Kathryn A. Coleman  
Director

**SUBJECT:** Contract Year 2016 Agent/Broker Compensation Rate Adjustments and Submissions  
& Agent/Broker Training and Testing Requirements

This memorandum provides the updated agent and broker compensation limits for Contract Year (CY) 2016 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 2016.

**Compensation Rate Adjustment for CY 2016**

As provided in 42 C.F.R. §§422.2274(b)(1) and 423.2274(b), 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 2016 FMV cut-off amounts for all organizations:

<b>MA and Section 1876 Cost Plans</b>				
<b>Compensation Type</b>	<b>National</b>	<b>Connecticut, Pennsylvania, District of Columbia</b>	<b>California, New Jersey</b>	<b>Puerto Rico, U.S. Virgin Islands</b>
<b>Initial Year</b>	\$429	\$483	\$536	\$294
<b>Renewal Years</b>	\$215	\$242	\$268	\$147
<b>PDPs</b>				
<b>Initial Year</b>	\$63			
<b>Renewal Years</b>	\$32			

NOTE: The FMV amounts for CY 2016 are rounded to the nearest dollar. The Initial Year amount is the maximum amount organizations may pay for enrollments during compensation cycle-year 1. The Renewal amount is the maximum amount organizations may pay for enrollments during compensation cycle-years 2 and beyond.

## **Compensation Rate Submission for CY 2016**

As in past years, all organizations must inform CMS via HPMS whether they are using employed, captive, or independent agents. Organizations that use independent agents must provide the compensation amount or range of amounts they will pay for these agents. Please note that HPMS has been modified to permit 1876 cost plans that do not offer Part D the ability to input compensation amounts. Additionally, if organizations pay referral fees, they must disclose the referral fee amount. Instructions for data entry are included in the HPMS Marketing Module User Guide.

Organizations may submit this information in the HPMS Marketing Module from May 29, 2015 through July 24, 2015, 11:59 pm EST. Please note that the submission process is not considered 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 24, 2015, will be out of compliance with CMS requirements.

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

Please note that the CY 2016 compensation information submitted will be made available for the public to view on [www.cms.gov](http://www.cms.gov) prior to the annual election period for CY 2016.

If your organization requires technical assistance, please contact the HPMS Helpdesk at [hpms@cms.hhs.gov](mailto: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 selling Medicare products, including employees, subcontractors, downstream entities, and/or delegated entities, 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.

In order to ensure the quality of all agent and broker training and testing programs, CMS annually provides minimum training and testing requirements to organizations. Organizations should review these requirements before developing their own agent and broker training and testing programs to ensure compliance with CMS requirements. In addition to the minimum required elements contained within the attached requirements, organizations and third-party training and testing vendors are permitted and encouraged to include other relevant topics.

The following is a link to the CY 2016 CMS training and testing requirements developed by CMS for CY 2016:

<http://www.cms.gov/Medicare/Health-Plans/ManagedCareMarketing/MarketngModelsStandardDocumentsandEducationalMaterial.html>

We thank all organizations for their continued commitment to 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.