



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

---

**MEMORANDUM**

**DATE:** May 27, 2016

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

**FROM:** Kathryn A. Coleman  
Director

**SUBJECT:** Contract Year 2017 Agent and Broker Compensation Rate Adjustments,  
Submissions, and Agent and Broker Training and Testing Requirements

This memorandum provides the updated agent and broker compensation limits for Contract Year (CY) 2017 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 requirements 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 2017.

**Compensation Rate Adjustment for CY 2017**

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 2017 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>
Initial Year	\$443	\$498	\$553	\$304
Renewal Years	\$222	\$249	\$277	\$152
<b>PDPs</b>				
Initial Year	\$71			
Renewal Years	\$36			

NOTE: The FMV amounts for CY 2017 are rounded to the nearest dollar. The Initial Year amount is the maximum allowable to be paid for enrollments during compensation cycle-year 1. The

renewal amount is the maximum allowable to be paid for enrollments during compensation cycle-years 2 and beyond.

### **Compensation Rate Submission for CY 2017**

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 initial and renewal 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 27, 2016 through July 29, 2016, 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 29, 2016 will be out of compliance with CMS requirements. Organizations will not be able to make changes to those submissions after the July 29, 2016 deadline.

CMS expects 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 2017 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 2017.

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 2017**

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 program 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 2017 CMS training and testing requirements developed by CMS for CY 2017: <https://www.cms.gov/Medicare/Health-Plans/ManagedCareMarketing/MarketngModelsStandardDocumentsandEducationalMaterial.html>

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.