



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

---

**MEMORANDUM**

**DATE:** May 30, 2017

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

**FROM:** Kathryn A. Coleman  
Director

**SUBJECT:** Contract Year 2018 Agent and Broker Compensation Rate Adjustments, Submissions, and Training and Testing Requirements

This memorandum provides contract year (CY) 2018 compensation limits for agents and brokers, directions for submitting amounts into the Health Plan Management System (HPMS), as well as training and testing requirements.

**Compensation Rate Adjustment for CY 2018**

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 CY 2018 FMV cut-off amounts for all organizations are as follows:

<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	\$455	\$511	\$567	\$312
Renewal Years	\$228	\$256	\$284	\$156
<b>PDPs</b>				
Initial Year	\$72			
Renewal Years	\$36			

NOTE: The FMV amounts for CY 2018 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 2018**

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 to these agents. Additionally, if an organization pays referral fees, the organization must disclose the referral fee amount. CMS has provided instructions for data entry in the HPMS Marketing Module User Guide.

Organizations may submit their agent/broker information in the HPMS Marketing Module from May 26, 2017 through July 28, 2017, 11:59 pm EST. Please note that CMS does not consider the submission process 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 28, 2017 will be out of compliance with CMS requirements. Organizations will not be able to make changes to those submissions after the July 28, 2017 deadline.

CMS expects organizations to keep full records documenting that they are updating compensation schedules and paying agents and brokers according to CMS requirements.

Please note that the CY 2018 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 2018.

### **Curricula for Training and Testing Agents and Brokers for CY 2018**

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. CMS permits and encourages organizations and third-party training and testing vendors to include other relevant topics, in addition to the minimum required elements.

The CY 2018 CMS training and testing requirements for CY 2018 may be found at:

<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.

If you have any questions, please contact your CMS Account Manager, or if your organization requires technical assistance, please contact the HPMS Help Desk at [hpms@cms.hhs.gov](mailto:hpms@cms.hhs.gov), or 1-800-220-2028.