



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

---

**DATE:** May 29, 2019

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

**FROM:** Kathryn A. Coleman  
Director

**SUBJECT:** CORRECTED - Contract Year 2020 Agent and Broker Compensation Rate, Referral/Finder's Fees, Submissions, and Training and Testing Requirements

This memorandum provides contract year (CY) 2020 compensation and referral/finder's fee limits for agents and brokers, directions for submitting amounts into the Health Plan Management System (HPMS), as well as training and testing requirements.

**Compensation Rates and Referral/Finder's Fees for CY 2020**

As provided in 42 C.F.R. §§422.2274(b)(1) and 423.2274(b), the compensation amount an organization pays 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 the Center for Medicare and Medicaid Services (CMS). 42 C.F.R. §§422.2274(h) and 423.2274(h) states that referral/finder's fees paid to independent, captive, or employed agents may not exceed a CMS specified amount. Additionally, referral/finder's fees paid to independent agents/brokers must be included in FMV for that CY.

The CY 2020 FMV cut-off amounts for all organizations and referral/finder's fees are as follows:

**MA and Section 1876 Cost Plans**

Compensation Type	National	Connecticut, Pennsylvania, District of Columbia	California New Jersey	Puerto Rico, U.S. Virgin Islands
Initial Year	\$510	\$574	\$636	\$350
Renewal Years	\$255	\$287	\$318	\$175

**PDPs**

Initial Year	\$ 78
Renewal Year	\$ 39

**Referral/Finder's Fees**

MA Plans	\$100
PDP Sponsors	\$ 25

NOTE: The FMV amounts for CY 2020 may be rounded to the nearest dollar. The Initial Year amount is the maximum allowable amount that organizations may pay for enrollments during compensation cycle-year 1. The renewal amount is the maximum allowable amount that organizations may pay for enrollments during compensation cycle-years 2 and beyond.

### **Compensation Rate Submission for CY 2020**

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/finder's fees, the organization must disclose the amount. CMS has provided instructions for data entry in the HPMS Marketing Module User Guide.

Organizations must submit their agent/broker information in the HPMS Marketing Module between **June 1, 2019 and July 26, 2019, 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 26, 2019 will be out of compliance with CMS requirements. Organizations will not be able to make changes to those submissions after the July 26, 2019 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 CMS will make the CY 2020 organization-submitted compensation information available for the public to view on [www.cms.gov](http://www.cms.gov) prior to the annual election period for CY 2020.

### **Curricula for Training and Testing Agents and Brokers for CY 2020**

Regulations at 42 C.F.R. §§422.2274 and 423.2274 require that organizations train and test all agents and brokers selling Medicare products, including employees, subcontractors, downstream entities, and/or delegated entities annually on Medicare Parts A, B, C, D, and plan specific information. CMS further requires that all agents and brokers obtain an 85% passing rate on the test.

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

CMS has made the CY 2020 CMS training and testing requirements available 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.