

MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

DATE: June 3, 2022

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

FROM: Kathryn A. Coleman
Director

SUBJECT: Contract Year 2023 Agent and Broker Compensation Rates, Referral/Finder's Fees, Submissions, and Training and Testing Requirements

This memorandum provides Contract Year (CY) 2023 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 2023

As provided in 42 C.F.R. §§ 422.2274(d)(2) and 423.2274(d)(2), the compensation amount an organization pays to an independent agent or broker for an initial enrollment must be at or below the fair market value (FMV). 42 C.F.R. §§ 422.2274(d)(3) and 423.2274(d)(3) limit renewal compensation to a maximum of 50% of the FMV. 42 C.F.R. §§ 422.2274(f) and 423.2274(f) limit the amount an organization may pay for referrals.

Each year, CMS publishes the FMV amounts for initial and renewal compensation as well as referral fees. The amounts are as follows:

Medicare Advantage and Section 1876 Cost Plans				
Compensation Type	National	Connecticut, Pennsylvania, District of Columbia	California New Jersey	Puerto Rico, U.S. Virgin Islands
Initial Year	\$601	\$678	\$750	\$411
Renewal Years	\$301	\$339	\$375	\$206
PDPs				
Initial Year	\$92			
Renewal Years	\$46			
Referral Fees				
MA Plans	\$100			
PDP Plans	\$25			

NOTE: CMS rounded the FMV amounts for CY 2023 up 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, for a like plan type.

Compensation Rate Submission for CY 2023

As in past years, all organizations must inform CMS via HPMS whether they are using employed, captive, and/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 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, 2022 and July 29, 2022, 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 29, 2022, will be out of compliance with CMS requirements. Furthermore, organizations may not make changes to those submissions after July 29, 2022. All Medicare-Medicaid Plan (MMP) responses must comply with their state-specific marketing guidance. If the state-specific marketing guidance does not allow for the use of agents/brokers, the MMP should enter "no" for all fields in HPMS.

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 2023 organization-submitted compensation information available for the public to view on [Home - Centers for Medicare & Medicaid Services | CMS](#) prior to the annual election period for CY 2023.

Curricula for Training and Testing Agents and Brokers for CY 2023

Regulations at 42 C.F.R. §§422.2274(b)(2) and 423.2274(b)(2) 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.

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, as well as third-party training and testing vendors, to include other relevant topics in addition to the minimum required elements.

CMS has made the CY 2023 CMS training and testing requirements available at: [Marketing Models, Standard Documents, and Educational Material | CMS](#). 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. If your organization requires technical assistance, please contact the HPMS Help Desk at hpms@cms.hhs.gov, or 1-800-220-2028.