

HPMS E-Mail

Date: October 30, 2015

Subject: Agent/Broker Compensation

E-mail text:

This purpose of this email is to update and clarify payment guidance in Section 120.4.2 of the Medicare Marketing Guidelines. There are three scenarios affecting how an organization may pay full or pro-rated initial compensation.

- 1) For a beneficiary's first year of enrollment in a plan, in which the MARx report lists the prior plan type as "none", organizations may pay full or pro-rated initial compensation.
- 2) When a beneficiary moves from an employer group to a non-employer group plan, in which the MARx report lists the prior plan type as "none", organizations may pay full or pro-rated initial compensation for a beneficiary's first year of enrollment in a plan.
- 3) For unlike plan changes (e.g., MA-PD to PDP or PDP to Cost Plan), occurring after January 1 in which the MARx report indicates the beneficiary had prior plan history (regardless of plan type), organizations must pay pro-rated initial compensation according to the number of months in the plan. For example, a change from a PDP to an MA-PD effective May 1 is an unlike plan change resulting in a pro-rated initial compensation of 8/12 (May thru December) of the MA-PD initial compensation rate.

CMS expects organizations to immediately correct their processes and to provide agents/brokers with notification of payment requirements.