



MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

DATE: June 19, 2013

TO: Medicare-Medicaid Plans

FROM: Danielle R. Moon, J.D., M.P.A.
Director

SUBJECT: Medicare-Medicaid Plan Agent and Broker Compensation Rate Adjustments and Submissions for Contract Year 2014

In a May 16, 2013 Health Plan Management System (HPMS) memorandum “Agent and Broker Compensation Rate Adjustments and Submissions for Contract Year 2014,” CMS detailed the contract year (CY) 2014 requirements for submitting agent and broker information through HPMS. This memorandum clarifies the requirements for Medicare-Medicaid Plans (MMPs), which were not addressed in the May 16, 2013 memorandum.

Similar to Medicare Advantage organizations, Prescription Drug Plan sponsors, and Section 1876 cost plans, MMPs must inform CMS whether they are using employed, captive, or independent agents. Plans that use independent agents must provide the compensation amount or range of amounts paid for these agents. Additionally, if referral fees are paid, plans must disclose the referral fee amount. Instructions for data entry were included in the HPMS Marketing Module User Guide release on May 31, 2013. This information must be submitted by July 29, 2013.

Because the submission process for each plan is not complete until the parent organization’s CEO, COO or CFO has completed an attestation in HPMS, it is important that MMPs submit this information in HPMS by the deadline. Failure to submit this information may result in CMS taking compliance action against an MMP’s parent organization.

We recognize that many States participating in the Capitated Financial Alignment Demonstration do not intend to allow MMPs to use agents and brokers, and other States may not have yet made a decision about MMPs’ use of agents and brokers. MMPs should answer the required questions based on their best assumptions about their use of agents and brokers in order for their parent organizations’ attestations to be finalized timely. However, we will work with MMPs to change their data entry in HPMS, as necessary, once the final marketing guidance for their specific state demonstration is provided.

For more information about the submission requirements, please refer to the May 16, 2013 memorandum. Please contact mmcocapsmodel@cms.hhs.gov with any questions about the contents of this memorandum.