

Attachment 5b - Description of Compensation Structure Requirements for Writing Agents, Including Agents Paid Directly by MA and PDP Organization and Agents Paid by Marketing Organization(s) Contracted By Plans

Instructions

For any MA or PDP organization that did not sell products through agents and brokers in any given year, such organization is not required to provide such information for such year. Nonetheless, every organization must provide 2019 information and information for the other years in which they participated in Medicare Advantage and the prescription drug programs.

When completing the required templates, for "initial" compensation in years 2015-2017, use the amount an agent was initially paid for enrolling a beneficiary in a plan.

This information collection includes: 1) compensation structures concerning payment to contracted marketing organizations; 2) compensation structures concerning payment directly to writing agents by the MA or PDP organization; and 3) compensation structures concerning payment directly to writing agents by those marketing organizations contracted by plans. Organizations must complete all applicable collections.

- Submit Certification (Attachment 1a) - (Plans providing compensation information for both their contracted marketing organizations and agent need only submit one Attachment 1a.)
- Submit Certification (Attachment 1b) - only if using Option One, described below, for determining 2019 compensations
- Using Attachment 2b (or if your organization has the schedule(s) in a workbook, or some other format, you may submit that documentation in lieu of Attachment 2b),
 - Organizations must submit each unique compensation structure for writing agents (street level) selling their MA and PDP plans paid directly by the plan.
 - Organizations must submit each unique compensation structure for writing agents (street level) paid directly by the MA or PDP organization.

- o Organizations must also submit each unique compensation structure for writing agents (street level) paid by marketing organization(s) with which they contract.
- o Include each compensation structure for years 2016 through 2019.
- o Each structure must be assigned a unique identifying number and the structure must be clearly identified in the data submission with that number.
- The first four digits of the ID should be the plan year
- The fifth digit of the ID should be a "P" if the structure is paid directly by the plan and a "M" if the structure is paid by a marketing organization)
- For each compensation structure, complete the template Excel workbook worksheet entitled "Writing Agents (Plan Paid)" in the Excel workbook "Covered Agent Information Sheets Workbook", and provide:
 - o The unique identifying number and
 - o The number of agents covered by each compensation structure.

2019 Compensation Structures

Note: For purposes of both of the options listed below for determining 2019 compensation structures, the "area" in which the plan is offered corresponds to whatever area the organization uses to determine any geographic adjustments to the amount paid. If the organization pays the same amount in each county, or MSA, or Statewide, that would be the area in question. For "initial" compensation in years 2016-2018, use the amount an agent was initially paid for enrolling a beneficiary in a plan.

For each plan type in existence in 2016 for a given area, there are two options for determining 2019 compensation structures:

Option One -- Certify that the renewal rate for 2019 for that same plan type is 50% of the plan type's 2016 initial year compensation, adjusted for the following growth rates:

- For all MA products use the following rates: 2016-

2017 4.59%; 2017-2018 6.34%; 2018-2019 3.74%;

- For all PDP products use the following rates:
2016-2017 6.86%; 2017-2018 6.19%; 2018-2019 5.97%;

or

Option Two -- Perform a market analysis of the 2016 and 2017 compensation structures for the same types of plans in that area. The plan type's 2019 renewal rate must be 50% of the market rate for initial compensation for that period, based on the market analysis to be commensurate with the "market" rates paid by all organizations in the area for an initial enrollment in the plan type in question during 2016 and 2017, also adjusted for the growth rates above. (Essentially, any rates in excess of what was paid by organizations in the area would have to be justified.) Based on the data we receive from MA and Part D contractors (including contractors that have elected to meet the requirement by Option One above) we will determine if the compensation structures are commensurate with fair market value.

- For contractors who did not offer plan types in 2016 in an area in which they will be offering plans in 2019, or did offer a plan of the type in question in 2016, but did not use agents and brokers to sell that product, those contractors must use Option Two above.
- If an organization was in existence in 2016 but did not offer a plan in a specific geographic area in which they now operate, they may utilize Option 1 by considering the 2016 compensation the organization paid for similar plan types in similar geographic areas.

PRA Disclosure Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-0964 (Expires XX/XX/XXXX). The time required to complete this information collection is estimated to average 49 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.