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CENTERS FOR MEDICARE & MEDICAID SERVICES
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MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

DATE: June 18, 2025

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

FROM: Kathryn A. Coleman
Director

SUBJECT: Contract Year 2026 Agent and Broker Compensation Rates, Submissions, and Training and Testing Requirements

This memorandum provides Contract Year (CY) 2026 agent and broker compensation rates, directions for submitting these rates and amounts into the Health Plan Management System (HPMS), as well as guidance on for MA plans and Part D sponsors for developing training and testing that satisfies requirements provided at 42 C.F.R. §§422.2274(c) and 423.2274(c).

On July 3, 2024, the U.S. District Court for the Northern District of Texas issued orders in *Americans for Beneficiary Choice v. HHS* , No. 4:24-cv-00439, and *Council for Medicare Choice v. HHS*, No. 4:24-cv-00446, which stay for the duration of the litigation the effective date of certain provisions of the "Medicare Program; Changes to the Medicare Advantage and the Medicare Prescription Drug Benefit Program for Contract Year 2024-Remaining Provisions and Contract Year 2025 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly (PACE),", 89 FR 30448 (herein after referred to as the CY 2025 Final Rule). More specifically, the district court's orders stayed those parts of the CY 2025 Final Rule that amended 42 C.F.R. § 422.2274 (a), (c), (d), (e) and § 423.2274(a), (c), (d), (e). Therefore, the regulatory language within § 422.2274(a), (c), (d), (e) and § 423.2274(a), (c), (d), (e) that was effective prior to the issuance of the CY 2025 Final Rule will be in effect for CY 2026 at least as long as the stay is applicable.

Compensation Rates for CY 2026

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)

Each year, CMS publishes updated FMV amounts for initial and renewal compensation. The amounts below are calculated based upon the methodology in place prior to issuance of the CY 2025 Final Rule, as described in 42 CFR §§ 422.2274(a) and 423.2274(a). The FMV amounts for CY 2026 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	$694	$781	$864	$474
Renewal Years	$347	$391	$432	$237

PDPs

Initial Year	$114
Renewal Years	$57

NOTE: CMS rounded the FMV amounts for CY 2026 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 2026

42 C.F.R. §§ 422.2274(c)(5) and 423.2274(c)(5) require organizations to report to CMS whether the organization intends to use employed, captive, or independent agents or brokers in the upcoming plan year along with the specific rates or range of rates the plan will pay independent agents and brokers. The regulations state that organizations must provide this data to CMS by the last Friday in July which would be July 25, 2025, for the 2026 plan year.

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 2 and July 25, 2025, 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 11:59 pm EST on July 25, 2025, will be out of compliance with CMS requirements. Furthermore, organizations may not make changes to those submissions after July 25, 2025.

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 2026 organization-submitted compensation information available for the public to view at: https://www.cms.gov prior to the annual election period for CY 2026.

Curricula for Training and Testing Agents and Brokers for CY 2026

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. Under §§ 422.2274(b)(2) and 423.2274(b)(2), agents and brokers must achieve an 85% or higher score to satisfy the testing requirement.

To assist MA organizations in ensuring the quality of agent and broker training and testing programs, CMS annually provides minimum training and testing guidelines to organizations. Organizations should review these guidelines before developing their own agent and broker training and testing programs to understand the scope of the required training and testing requirements. CMS encourages organizations, as well as third-party training and testing vendors used by plans, to include other relevant topics in addition to the minimum elements provided in CMS's annual guidelines.

CMS will make the CY 2026 CMS training and testing guidelines available at: https://www.cms.gov/Medicare/Health-Plans/ManagedCareMarketing/MarketngModelsStandardDocumentsandEducationalMaterial.

Please contact your CMS Account Manager with any questions. For technical assistance with HPMS submissions, please contact the HPMS Help Desk at: hpms@cms.hhs.gov or 1-800-220-2028.