



# What MAO's Need to Know About Using Brokers— But Were Afraid To Ask

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# Why Use Brokers?

- Short selling season
- Large service areas
- Multiple products
- Local knowledge of the community

# CMS Concerns About Brokers

- Diminished oversight
- Lack of direct control
- Huge agent population
- Training issues
- Inappropriate incentives
- Fraud

# CMS Requirements

- Comply with Part C and D laws and regs
- Conduct monitoring activities
- Comply with State licensing requirements
- Identify products to beneficiary
- Written disclaimer:
  - “The person that is discussing plan options with you is either employed by or contracted with XYZ Health Plan. The person may be compensated based on your enrollment in a plan.”

# CMS Requirements (cont.)

- Compensation
  - Compensation schedule in written contract
    - Payment should not vary based on health status or risk profile;
    - Payment can vary between plans provided it reflects industry standards and is based on reasonable measure of service;
    - Payment can vary within plan between different products based on reasonable measure of service.

# CMS Requirements (cont.)

- Compensation (cont.)
  - No payments to broker beyond schedule in contract
  - Avoid incentives to mislead or cherry-pick
  - In line with industry standards
  - Chargebacks
  - No payments to beneficiaries

# CMS Evaluates

- Comprehensive Training Program
  - Medicare knowledge – Parts A, B, C & D
  - Senior sensitivity
  - Ethics
  - Know the product
  - Measure effectiveness

# CMS Evaluates

- Effective Broker Oversight Program
  - Complaint tracking
  - Ongoing evaluation/training
  - Sales incident investigation
  - Rapid disenrollment rates
  - Performance metrics
  - Sanction/termination policies

# Effective Oversight Program Should Include

- Outbound verification process
- New member satisfaction survey
- New member welcome contact
- Agent satisfaction survey

# Complaint Tracking

- How many complaints does it take?
- Who do you believe?
- Can this agent be saved?
- Who makes that decision?
- And when?

# Sales Incident Investigation

- The quicker the better
- “He said/she said”
- Tracking and trending
- Firm guidelines
- MAO must set the standard

# Incentives and Sanctions

- Provide incentives for good performance
  - Low rapid disenrollment
  - Positive member feedback
- Implement sanctions per guidelines
  - Well defined guidelines
  - Appropriate penalties
  - Firm and meaningful

# Questions and Contacts

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