Medicare Advantage and Prescription Drug Plan Business

Why This Guide Exists

Working with lead vendors can be a great way to grow your Medicare Advantage and Prescription Drug Plan (PDP) book of business — but it also comes with real compliance responsibility. As the writing agent or agency, you are accountable for the vendors you use, the materials they produce and how they operate. That accountability extends to the carriers you represent.

This guide walks you through what to look for, what to ask and what to watch out for when evaluating a lead vendor. It's designed to help you make smart, defensible choices.

Step 1: Review the Lead Generation Materials

Before you purchase a single lead, ask the vendor to share the actual creative materials they use to generate those leads. This means the mailers, digital ads, landing pages, TV or radio scripts, or whatever else they use to attract prospects.

Why this matters

Under CMS rules, certain types of materials are classified as "marketing" — and marketing materials must be preapproved by carriers, filed in the Health Plan Management System (HPMS) and opted into by every applicable carrier (meaning any carrier you could potentially sell to the generated lead).

Materials are almost certainly considered "marketing" if they include any of the following:

- Plan benefits or benefit structure
- Premiums or cost-sharing information
- Plan comparisons or rankings
- Rewards or incentives

Once you have the materials, submit them to your upline's compliance team for review.

How to spot a properly filed marketing material

Look at the bottom of the material. A compliant, carrier-filed marketing piece will typically show:

- A Standardized Material ID (SMID) — this usually starts with "MULTIPLAN_" and ends with "_M"
- A list of the carriers that approved the material, usually in the disclaimer section

Quick Tip

- No SMID on the material? That's a signal to dig deeper. It doesn't automatically mean the material is noncompliant, but you should not assume it's been filed and approved without confirming.

Red flags in lead generation materials

Watch Out For

- Materials designed to look like official government notices or Social Security correspondence
- References to "employee benefits," union benefits or other noninsurance benefit categories
- High-pressure language or urgency tactics ("Act now or lose your benefits!")
- Misleading claims about what a prospect is "entitled to"
- Missing or incomplete disclaimer language

Step 2: Additional Requirements for Live Transfer Vendors

Live transfer vendors have an extra layer of compliance requirements because a real conversation is happening with a consumer before the transfer ever reaches you. That means the vendor's conduct during that initial interaction is your problem if something goes wrong.

What to ask for

- A copy of the script used by the vendor's agents or callers
- Documentation showing verbal consumer consent was obtained to transfer to a "licensed insurance agent"

Submit the script to your upline's compliance department for review before finalizing any agreement.

Step 3: Know Where Your Vendor Operates

This one matters more than many agencies realize. CMS requires transparency about where Medicare-related business functions are being performed. If any part of a lead vendor's operation — including subcontractors — is located outside the United States, that is considered an offshore business function and requires prior carrier approval.

The rule is straightforward

Before engaging any offshore vendor or subcontractor **for Medicare Advantage or Part D business functions, you must obtain express written permission from all applicable carriers.**

Do not assume a vendor is domestic without confirming. And do not assume that because a vendor's main office is U.S.-based, their actual operations or call centers are also U.S.-based.

How offshore vendors sometimes obscure their location

Red Flags for Offshore Operations

- Vague answers like "We have a global team" or "Our operations are fully remote" — with no specifics
- No mention of U.S.-based operations anywhere in their proposal or contract
- Emails or responses arriving consistently outside U.S. business hours
- Communication patterns suggesting non-native English speakers handling consumer calls (worth further review)
- References to "overnight turnaround" without a clear explanation
- Use of subcontractors who aren't named or disclosed
- "White-label" call centers with no transparency about actual operators
- Inability or unwillingness to provide a list of subcontractors

Step 4: Ask These Questions of Every Vendor

Don't just skim through a vendor's pitch deck. Ask these questions directly, and make note of the answers. Evasive or vague responses are a red flag in themselves.

Questions to Ask

- "Can you provide documentation of Permission to Contact for your leads, if requested by a carrier or CMS?"
- "Where are your employees and contractors located?"
- "Do any of your team members or subcontractors work outside the United States?"
- "What is your process to ensure marketing materials are preapproved by all applicable carriers, filed in HPMS and opted into?"
- "Who performs the lead generation services directly, and where are they based?"
- "Can you provide a complete list of any subcontractors you use?"
- "How long do you retain Permission to Contact documentation, and can you confirm it meets the CMS-required retention time frame?"
- "What security controls do you have in place to protect consumer information, and can you provide documentation of your data security practices?"

Step 5: Required Actions Before and After Onboarding

These aren't optional steps — they're required as part of your compliance obligations when working with lead vendors.

Before onboarding a vendor

- Obtain copies of all lead generation materials and submit them to Compliance for review
- Confirm that any marketing materials have been approved and filed with all applicable carriers
- Obtain and review the vendor script (for live transfer vendors) and submit it for Compliance review
- Confirm the location of all vendor operations and any subcontractors
- Ensure the vendor contract includes an anti-offshoring clause
- Obtain express carrier approval before engaging any offshore vendor or subcontractor
- Confirm that the vendor retains Permission to Contact documentation for the CMS-required time frame and can produce it upon request by a carrier or CMS
- Confirm the vendor has appropriate security controls in place to safeguard consumer information

After onboarding a vendor

- Report the lead vendor relationship to all applicable carriers, generally within 30 days of the initial agreement
- Report any changes to the relationship (including termination) within 30 days of the change

If you spot a red flag

- Do not approve or onboard the vendor until the concern is resolved
- Report the red flag to Compliance immediately
- Document what you observed and when

Lead Vendor Vetting Checklist

Companion Checklist — Complete for Each Vendor
Retain this completed checklist as part of your vendor due diligence documentation.

Vendor Name: ______________________________

Date of Review: ______________________________

Reviewed By: ______________________________

Vendor Type: ☐ Standard Lead Vendor ☐ Live Transfer Vendor

Done	Category	Action Item
☐	Materials	Obtained copies of all lead generation materials from vendor
☐	Materials	Submitted materials to Compliance for review
☐	Materials	Confirmed Compliance approval of materials prior to purchasing leads
☐	Materials	Verified marketing materials include a SMID (starts with MULTIPLAN_, ends with _M) if applicable
☐	Materials	Confirmed all applicable carriers approved and opted into the marketing materials
☐	Materials	Reviewed materials for red flags (government-look-alike design, misleading claims, high-pressure language)
☐	Live Transfer	Obtained vendor call script (if live transfer vendor)
☐	Live Transfer	Submitted call script to Compliance for review
☐	Live Transfer	Confirmed vendor obtains verbal consumer consent to transfer to a “licensed insurance agent”
☐	Location / Offshore	Confirmed location of all vendor employees and contractors
☐	Location / Offshore	Confirmed whether any operations or subcontractors are located outside the U.S.
☐	Location / Offshore	If offshore operations exist: obtained express written carrier approval prior to engagement
☐	Location / Offshore	Obtained a complete list of any subcontractors used by the vendor
☐	Contract	Vendor contract includes an anti-offshoring clause

Done	Category	Action Item
☐	Contract	Contract or agreement is fully executed prior to purchasing leads
☐	Permission to Contact	Confirmed vendor retains Permission to Contact documentation for the CMS-required time frame and can produce it upon request
☐	Data Security	Confirmed vendor has appropriate security controls in place to safeguard consumer information
☐	Carrier Reporting	Reported vendor relationship to all applicable carriers within 30 days of initial agreement
☐	Carrier Reporting	Process in place to report changes or termination of agreement within 30 days
☐	Red Flags	No unresolved red flags identified during vetting; OR red flags reported to Compliance and resolved

Notes / Additional Documentation:

Approval Signature: ______________________________ Date: ________________