

BROKER NEWS

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Consolidated Appropriations Act requires brokers and service providers to disclose compensation to employers

This article applies to group plans and does not address the CAA rule applicable for individual plans.

Under the Consolidated Appropriations Act 2021, covered service providers, including agents, brokers and consultants, are required to disclose actual and anticipated cash and non-cash compensation they expect to earn in connection with the sale, renewal and extension of group health insurance. The disclosure of direct or indirect compensation must also include a description of the services they will provide under the arrangement as part of the disclosure.

These disclosures must precede the commencement, renewal or extension of a contract with an ERISA group health plan when compensation is expected to exceed \$1,000 for the covered service provider.

The legislation provides only general guidance about the content of the disclosures and no guidance about the format. Therefore, brokers have latitude to develop the format they wish to use to make their disclosures.

Generally, the group health plan fiduciary reviews the disclosure to determine if the service and compensation is necessary and reasonable. A fiduciary may be required to report to the Department of Labor a covered service provider's failure to make the disclosure.

The [Health Plan of Nevada and Sierra Health and Life CAA Broker Compensation Guide](#) provides instruction to help you locate direct or indirect compensation information to input into the report you must provide to the plan sponsor before they sign their contract. HPN/SHL does not create the report itself.

The guide is also available on the [broker portal](#). If you have any questions, please contact your assigned sales representative.



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