

Broker / Consultant Compensation Disclosures

November 9, 2021

PRACTICES Employee Benefits and Executive Compensation

The Consolidated Appropriations Act of 2021 requires brokers and consultants to disclose to group health plans the direct and indirect compensation they expect to receive in connection with the services they provide to the plans. This compensation disclosure must be provided before the service contract is entered into or renewed, and the plan must be informed if the information in the disclosure changes. The broker/consultant must also provide the compensation disclosure to a plan upon request in order to permit the plan to comply with any applicable reporting and disclosure requirements. If the compensation disclosure is not provided, a plan fiduciary is required to request the compensation disclosure from the broker/consultant and, if it is still not provided in response to that request, notify the DOL and potentially terminate the contract. Implementing regulations and/or guidance have not yet been issued. This new requirement is scheduled to go into effect on December 27, 2021.