

Employers: Request New Compensation Disclosures from Health Plan Service Providers

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PRACTICES Employee Benefits and Executive Compensation

The recent budget legislation passed by Congress (“**CAA 2026**”) expands the types of service providers that must provide compensation disclosures to plan administrators of group health plans subject to ERISA. These are commonly referred to as “408(b)(2) disclosures” because they are required under Section 408(b)(2) of ERISA. Prior to CAA 2026, only brokers and consultants were required to provide compensation disclosures - see our prior alerts [here](#) and [here](#). Generally, covered service providers now include entities that provide the following services: plan design services; services, including brokerage services, with respect to selection of insurance products; recordkeeping services; medical management services; benefits administration (including vision and dental) and benefits administration selection; stop-loss insurance; pharmacy benefit management services; wellness services; transparency tools and vendors; group purchasing organization agreements and services; participation in and services from preferred vendor panels; disease management vendors and products; compliance services; employee assistance programs; third party administration services; and consulting services related to any such services.

As we previously discussed in a prior alert ([here](#)), plan administrators have a fiduciary duty under ERISA to review these fee disclosures to ensure service providers are receiving reasonable compensation for their services. Plan administrators should contact their third-party administrators, pharmacy benefits managers, wellness vendors, and other health plan vendors to determine when these compensation disclosures will be provided. The new law does not contain any delayed effective date for disclosure.

CAA 2026 is available [here](#).