

Overview of the New Broker/Agent and Consultant Disclosure Rules for Group* Health Insurance Coverage

Under Section 202 in the Consolidated Appropriations Act of 2021 (CAA), agents, brokers, and consultants (“covered service providers”) must 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. Covered service providers must also include a description of the services they will provide under the arrangement as part of the disclosure.

- This CAA Compensation Disclosure Resource Guide has been developed for use by covered service providers that will receive compensation subject to disclosure under the new law. Consult with your company’s legal team if you have specific questions about your responsibilities under the CAA.
- Please review this guide so that you know where you can find the necessary compensation data and other information required to be included in your disclosures to group health plans subject to ERISA. This guide contains recommendations to assist covered service providers in making the Section 202 disclosures. It is technical assistance and is not a substitute for legal advice.

**These CAA Broker Compensation Disclosure Requirements are only applicable to broker compensation in relation to ERISA commercial group policies.*

CAA Section 202 Covered Service Provider Disclosure Requirements

The required CAA disclosures are prospective and must precede the commencement, renewal, or extension of a contract with an ERISA group health plan that will result in the payment of compensation in excess of \$1,000 to the covered service provider.

- In turn, the plan fiduciary should review the disclosure to determine if the service is necessary and that no more than reasonable compensation is being paid to the covered service provider. A fiduciary may be required to report to the Department of Labor a covered service provider’s failure to make the disclosure.
- The legislation provides general guidance about the content of the disclosures and does not provide guidance about the format. Agents/brokers/consultants have latitude to develop the format they wish to use to make their disclosures.

The CAA Rules are Different from 5500 Reporting in Two Important Ways

- The new CAA disclosure is prospective, providing information to the plan fiduciary about the nature of the services and the compensation that will be paid to the covered service provider.
- Form 5500 reporting is retrospective and occurs after the close of the plan year and discloses amounts that were actually earned by the covered service provider.

Disclosure of Compensation

The disclosure must list all compensation that is reasonably expected to be received by the covered service provider during the contract year. Compensation can be of varying types; the list below illustrates the types of compensation that may be paid or facilitated by Healthplex to their brokers and consultants. This is not meant to be an exhaustive list of compensation, this is reflective of our terms and definition of compensation, please check with your agency for further guidance.

- **Base commissions, service fees and consulting fees:** compensation is paid to the covered service provider for services provided to the group and is normally paid as a per employee per month (pepm) fee or as a percentage of premium.
Note: Base commissions for key accounts, national accounts and public sector cases are included on the proposal that is sent from UnitedHealthcare to the broker when we quote the business. Therefore, information on the base commission would be within that document.

- **Service Fee or Consulting Fee:** compensation is paid to the covered service provider under an agreement in place with the group health plan.

- **Contingent Compensation:** compensation is paid to the covered service provider based on volume, retention, net growth, or other aggregate measures.

Contingent Bonuses: compensation is paid to the covered service provider when they achieve certain benchmarks that are not known at the beginning of the contract year.

- **Transaction-based compensation:** compensation is paid to the covered service provider in amounts that are determined based on the number of claims adjudicated or prescriptions filled.

- **Non-cash Compensation:** compensation is paid to the covered service provider in the form of meals, tickets to events, golf or movie outings, reward trips, and similar items. Covered service providers must develop a reasonable methodology for allocating the amount of non-cash compensation to each group health plan.

Disclosure of Summary Services to be Provided

The CAA disclosure must include a summary of the services to be provided to the covered plan pursuant to the contract or arrangement.

The information must be sufficient to allow the plan fiduciary to determine that the services are necessary for the administration of the plan.

Locating Compensation/Services Information

This guide directs the covered service provider to where it can go to find information about the compensation and services under the arrangement. There may be other tools and resources you can use to compile your report. Contact your agency for any additional guidance and information

Required Information	Location
Base commissions, service fees and consulting fees	Broker Commissions are listed in the proposals, and can be found on our Broker Portal at www.healthplex.com . There are no service fees or consulting fees.
Service Fee or Consulting Fee	N/A
Contingent Compensation	Any contingent compensation can be found in our broker bonus flyer for the specific year the compensation is applicable, and can be found on our Broker Portal at www.healthplex.com
Contingent Bonuses	Any contingent compensation can be found in our broker bonus flyer for the specific year the compensation is applicable, and can be found on our Broker Portal at www.healthplex.com
Transaction-based compensation	Broker Commissions are listed in the proposals
Non-cash Compensation	Healthplex provides no non-cash compensation

This information is intended to provide general information and assistance but does not constitute legal or tax advice. Please contact your, legal and tax advisors to determine the obligation. The materials and discussion do not constitute a binding obligation of UnitedHealthcare with respect to any matter discussed herein. Some products and networks have different features and as a result different guidelines and protocols are applicable to them.

