



What The Consolidated Appropriations Act of 2020 Means to Employers, Brokers and Self-funded Plan Sponsors

For the past two years, regulations designed to curtail price increases and enable patients to compare the cost of services when making healthcare decisions have been implemented and continue to evolve. Understanding the latest ramifications of the Consolidated Appropriations Act (CAA) of 2020 and how it affects brokers, employers and plan sponsors can be a challenge, to say the least. Pieces of the CAA regulations are already in effect, with various federal agencies ramping up compliance monitoring. Other requirements are scheduled to go into effect in 2023. Legal responsibility for compliance with these regulations falls on plan sponsors, but many employers and self-funded plan sponsors aren't aware of the significant changes included in the CAA.



The key components of the CAA that impact you.

The stated goal of the CAA transparency initiative is to enable consumers of health care to be more informed and better prepared to make the best decisions for their health and wellbeing, thereby reducing the overall cost of care. Making cost and coverage information easily available to consumers has been a primary driver to meet transparency objectives. Widespread dissatisfaction with unexpected bills for some services led to rules eliminating surprise bills from out-of-network providers. Key provisions of these rules went into effect on January 1, 2022.

Now, additional components of the regulations have become effective, reinforcing and, in some cases, adding to the requirements for employers and self-funded plan sponsors to comply. Therefore, it is important for employers to understand the value for the money they spend on health benefits and the real cost of services by health plans and pharmacy benefits managers.

According to Forbes, the CAA puts employers in a better position to ensure good value from providers and vendors, and it forbids hidden contracting terms that disfavor employers and their employees. In the short-term, employers face significant challenges to complying with the new regulations:



Removal of so-called “gag clauses” from all service provider contracts, including health plans, third party administrators, consultants, brokers, pharmacy benefits managers (PBMs), and any other entity involved in health benefits. No more withheld claims data other than privacy protected data.



Reporting requirements for pharmacy services and prescription drug prices.



Disclosure of direct and indirect compensation from all service providers, so hidden incentives arrangements between brokers and plans, or PMBs and drug companies must be fully accounted for.



Parity between mental health and substance use disorder benefits and other health benefits. The CAA establishes a vastly more stringent requirement around parity than employers are accustomed to, including significantly enhanced documentation requirements.¹

The upshot of the law is that employers and employees will have better awareness of the full range of pricing and costs, including the hidden fees and incentive agreements among health care providers, vendors, service providers and other middlemen.²

What’s required of employers, brokers, and self-funded plans to be compliant?

While many employers are unaware of the CAA requirements, the need to act is now. The Department of Labor is responsible for enforcing the law. It has begun asking employers for documentation showing they are complying with the law.

In addition to the requirements identified above, brokers, employers and plan sponsors need to be aware of these additional CAA transparency requirements and effective dates:



New identification card specifications: effective Jan. 1, 2022



Advanced explanation of benefits: effective Jan. 1, 2022 – enforcement delayed pending issuance of regulations that will include a prospective applicability date



Special rules for continuing care patients: effective Jan. 1, 2022



Improved network provider directory information: effective Jan. 1, 2022



Personalized cost-sharing information: effective Jan. 1, 2023



Price comparison disclosures: effective Jan. 1, 2022 – enforcement delayed until Jan. 1, 2023.

^{1,2} This Federal Law Will Completely Overhaul Company Health Benefits. Nobody Is Ready., Binder, Leah, Forbes, Feb. 28, 2022.

It should be noted, self-insured plans are responsible for compliance, not their TPA. Plan sponsors will want to obtain written agreements with their TPAs to provide the required information on behalf of their plans.

We're here to help our clients navigate and comply with CAA

Brokers, employers and plan sponsors don't have to go it alone. HealthSmart has invested significant time and resources to provide optimum support to our health plan clients so they can comply with all requirements of the CAA and other regulatory requirements. Look to us to be your CAA resource, to provide the data you need and to answer any questions you may have.



HealthSmart is ready to help you adapt to and comply with the changing regulatory environment

Current clients should contact their client service executives with specific questions. If this is the sort of support you would like from your TPA, please contact our sales team at sales@healthsmart.com.

Over the past two years, HealthSmart has assembled a comprehensive library of resources dedicated to the transparency regulations signed into law in late 2020. Housed in the Transparency Resource Center at [HealthSmart.com](https://www.healthsmart.com), you'll find a white paper on The Transparency in Coverage Rule, an e-book on the No Surprises Act, and a recorded webinar devoted to both topics.



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