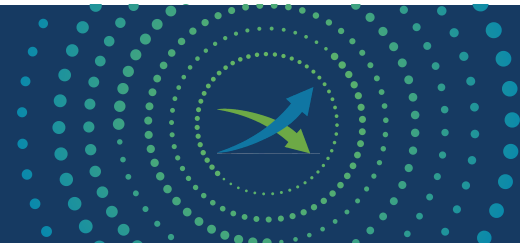


Indiana Law-to-Action Guide

Compensation Disclosure & Conflicts of Interest



This Indiana Law-to-Action Series is designed to help employers understand how to leverage new Indiana legislation intended to drive a more transparent, fair, and competitive healthcare market. Below is a plain-English summary of what the laws do and practical steps to take as a fiduciary in evaluating reasonableness, prudence, and conflicts of interest, and, for ERISA covered plans, to ensure that the contracts with vendors qualify for an exemption under the prohibited transaction rules by accessing and evaluating vendor compensation disclosures.

This document is not legal advice and does not replace plan-specific legal or fiduciary review. It is a high-level, action-oriented guide intended to help employers understand what types of compensation and other information to request from plan vendors, how to identify practical questions to raise with third-party administrators (“TPAs”), pharmacy benefit managers (“PBMs”), and brokers and consultants, how to use these new laws as support when seeking access to compensation disclosures. Three Indiana laws, together with two federal laws, strengthen employer rights to access compensation disclosures.

Federal and Indiana laws supporting compensation disclosure

Summary:

Federal and Indiana laws are giving employers clearer visibility into how brokers and consultants, third-party administrators (TPAs), and pharmacy benefit managers (PBMs) are paid, and whether those payments create conflicts of interest.

The Consolidated Appropriations Act (CAA) of 2021 requires disclosure of broker and consultant compensation and CAA 2026 expands reporting on prescription drug costs, including fees, rebates, and other payments. Indiana law goes further. HEA 1004 requires broker compensation disclosures. HEA 1259 affirms employer ownership of claims data, including payments, rebates and fees, and expands audit rights. SEA 3 establishes fiduciary duties for TPAs and PBMs acting on behalf of plan sponsors.

Together, these laws reinforce employers' rights to know how vendors are paid and to question whether those arrangements align with the plan.

What the laws do

Several laws support an employer's right to understand how vendors are paid, identify conflicts of interest, and monitor vendor performance.

- [Indiana HEA 1004](#) (2025) requires brokers to disclose direct and indirect compensation and fees charged to the plan sponsor
- [Indiana HEA 1259](#) (2024) requires full disclosure of rebates, fees, and all direct and indirect remuneration associated with the Plan by TPA and PBM and expands audit rights
- [Indiana SEA 3](#) (2025) establishes fiduciary duties for TPAs and PBMs acting on behalf of plan sponsors
- [Federal Consolidated Appropriations Act \(CAA\)](#) (2021) requires disclosure of direct and indirect compensation for brokers and consultants
- [Federal Consolidated Appropriations Act \(CAA\)](#) (2026) requires reporting of fees, rebates, discounts, and other remuneration tied to prescription drug benefits

Why it matters to employers

Compensation drives behavior. These laws give employers more visibility into what's happening behind the scenes.

Without clear compensation information, employers cannot reliably confirm that:

- Vendors are acting in the best interest of the plan
- Total compensation, including indirect payments, is understood
- Pricing reflects actual costs rather than hidden incentives
- Conflicts of interest are identified and addressed
- Fiduciary obligations are being met

Action steps: What you should do now

STEP 01 REQUEST FULL COMPENSATION DISCLOSURES

Identify all service providers, including brokers, TPAs, PBMs, and key vendors, and request a **complete accounting** of:

- Direct fees
- Indirect compensation
- Rebates, spreads, and incentive payments
- Third-party payments tied to your plan

Use a consistent format so you can compare across vendors (EFI template available).

STEP 03 LOOK FOR MISALIGNED INCENTIVES

Review whether:

- Vendors make more when costs go up
- Revenue is tied to specific drugs, networks, or utilization
- Recommendations could be influenced by how the vendor is paid

You're not just asking "what are we paying?" You're asking "**is it reasonable?**"

STEP 02 MAP WHERE THE MONEY ACTUALLY GOES

Pull all compensation into one place across vendors. Lay out:

- Who gets paid
- Who pays them
- What triggers the payment

Then connect the dots across the system.

Example: manufacturer → PBM → rebate aggregator → broker → plan

This is where issues show up. Payments that look small or disconnected on their own often add up or point to incentives that are working against the plan.

STEP 04 USE WHAT YOU FIND

If something doesn't line up:

- Renegotiate compensation terms
- Require clearer disclosures
- Add audit and transparency provisions
- Reset expectations in your next RFP

Document what you reviewed and what you changed.

THREE KEY ACTION STEPS FOR FIDUCIARIES:



Request full compensation disclosures.



Line up all payments across vendors.



Make a determination on if the compensation is reasonable, and act on misaligned incentives.

If you can't see how vendors are paid, you can't evaluate what you're buying.