Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1244 (Allen) – As Amended June 11, 2026

Policy Committee: Health Vote: 12 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill, the Public Agency Benefits Intermediary Compensation Disclosure Act, requires service providers such as brokers, agents, and consultants, to disclose to a public agency or its group health plan the compensation it expects to receive for providing brokerage or consulting services before providing such services to the public agency or its health plan.

Please refer to the Assembly Health Committee analysis for a detailed enumeration of the provisions of this bill. Major provisions of this bill:

1) Define "covered service provider" to mean a broker, agent, consultant, or advisor that enters into a contract or arrangement with a group health plan or public agency and reasonably expects, knew, or should have known it would receive, compensation in connection with providing brokerage services or consulting services described in this article, regardless of if those services will be performed, or the compensation received, by the covered service provider, an affiliate, a subcontractor, or a related party.

2) Require a covered service provider to disclose to the responsible public agency official, and to the governing body of the public agency, in writing, specified information related to compensation arrangements before the covered service provider enters into, extends, renews, or materially amends a contract or arrangement for brokerage services or consulting services with the public agency or covered health plan.

3) Require a covered service provider to disclose compensation and material financial interests related to a covered health care benefits arrangement that the service provider recommends, places, renews, services, or materially influences for a public agency or covered plan, regardless of whether the compensation is solely attributable to the public agency's specific contract or policy.

4) Applies the above disclosure requirements to a covered service provider providing services to a joint powers authority.

FISCAL EFFECT:

No state costs.

COMMENTS:

1) **Purpose.** According to the author:

> Health care premiums have more than tripled over the past 20 years. Public agencies have been grappling with these rising prices that are, in some cases, compounded by compensation paid to insurance intermediaries who advise employers on health care options to select for their employees' benefits package. Private employers receive compensation disclosures from these intermediaries, which can help guide decisions on which benefits to select and which intermediaries to contract with. Public agencies, however, currently receive no such transparency, and thus have to make large financial decisions with less information available to them.
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> [This bill] will close this gap in the law and help public agencies make more fiscally sound decisions when selecting employee benefits options by requiring insurance intermediaries to proactively disclose the compensation they earn for advising these agencies to select certain health care options.

2) **Background.** Public agencies often rely on brokers and consultants to recommend insurance carriers, negotiate rates, and select vendors for benefits. These brokers generally receive compensation directly from the carriers. The federal Employee Retirement Security Act of 1974 (ERISA) requires some retirement and health plans to provide participants with certain information, but generally does not apply to plans maintained by government entities. The federal Consolidated Appropriations Act of 2021 (CAA) requires comprehensive broker, agent, and consultant compensation disclosure for ERISA-covered group health plans for arrangements that are expected to result in $1,000 or more in compensation, including nonmonetary compensation. State statutes require a health plan or a health insurer to annually disclose specified information to the governing board of a public agency that is the subscriber of a group contract or the policyholder of a group health insurance policy, including, but not limited to, any fees or commissions paid to any agent, broker, or other individual related to the public agency's group contract or policy.

3) **Oppose Unless Amended.** A coalition of associations representing insurance agents and brokers argues this bill would create significant compliance challenges and unintended consequences, and suggests amendments to align this bill with federal standards. The coalition contends this bill goes well beyond the established federal structure by significantly expanding the scope of covered vendors, services, and level of compensation reporting, and doesn't align with existing data reporting systems. The coalition states this bill risks creating a system in which compliance is impractical, liability is misaligned, and administrative burdens may discourage qualified agents and brokers from serving public agencies because there is no effective way of delivering the transparency this bill requires, which could ultimately limit competition, reduce choice, and negatively impact the public entities the bill seeks to protect.

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