THE BS DETECTOR SERIES

Broker BS Detector Checklist

CEO & Plan Sponsor Edition — 15 Questions That Reveal Who Your Broker Really Works For

You are the fiduciary of your company's health plan. Not your broker. Not your carrier. Not HR. You — personally. Recent federal lawsuits have made that liability real, and "my broker handled it" is not a defense.

So interrogate your broker like the fiduciary you are. Write their answer on the blank under each question, then compare it to the truth below the line. If it's not in writing, the conversation never happened.

The Questions

1. How much are you paid on my account — ALL of it? Commissions, overrides, bonuses, contingent compensation, retention payments, trips, and anything else, direct or indirect.

Their answer: ____

The truth: *Federal law (the Consolidated Appropriations Act) requires brokers to disclose expected compensation to you IN WRITING before you sign or renew. If they haven't, they're already out of compliance. If they hedge, you have your answer.*

2. Who actually pays you — me, or the carrier?

Their answer: ____

The truth: *Follow the money. A broker paid by the carrier is a salesperson for the carrier, no matter whose logo is on their business card.*

3. Do you earn more when my premiums go up?

Their answer: ____

The truth: *Commission is usually a percentage of premium. Your 18% renewal increase is their 18% raise. Now re-read every renewal meeting you've ever sat through.*

4. Am I a fiduciary of this health plan?

Their answer: ____

The truth: *YES. As plan sponsor, you have a legal duty to spend plan assets prudently and solely in the interest of participants. A broker who says "don't worry about that" just told you they don't understand — or don't care about — your personal liability.*

5. Will you accept fiduciary status on this plan, in writing?

Their answer: ____

The truth: *Watch how fast the room gets quiet. They take the compensation; you keep the liability. Their refusal tells you exactly whose interests they serve.*

6. Does the compensation you just described match what's reported on my Form 5500 Schedule A and Schedule C?

Their answer: ____

The truth: *Pull your own 5500 — it's public. If what they told you doesn't match what's filed, one of those two answers is false, and both were given to a federal agency or a fiduciary.*

7. What do my hospital contracts actually pay as a percentage of MEDICARE — not as a "discount" off billed charges?

Their answer: ____

The truth: *The discount is the disguise. Hospitals routinely bill 5–15 times Medicare, so a "50% discount" can still leave your plan paying 4–7 times what the federal government pays for the identical service — and when the chargemaster goes up, your "discounted" price goes up automatically. Demand the Medicare equivalent for your top hospitals. The federally mandated price files make it computable — watch whether your broker even knows how.*

8. Do I own my claims data, and will I receive it — complete and monthly?

Their answer: ____

The truth: *It's your plan and your money; the data belongs to you. Carriers and some TPAs will resist. A broker who won't fight to get you your own data is helping keep you blind.*

9. What did you evaluate for me besides the incumbent carrier's renewal?

Their answer: ____

The truth: *If the answer is a spreadsheet of three carriers quoting the same PPO model, that's not marketing your plan — that's shopping your commission. Self-funding, level-funding, reference-based pricing, direct contracts, and Direct Primary Care should all be on the table, with numbers.*

10. What specifically drove my renewal increase? Show me the claims experience behind the number.

Their answer: ____

The truth: *"Trend" is not an answer — it's a shrug with a percent sign. If they can't connect your increase to your actual claims, the number wasn't calculated. It was asserted.*

11. Do you take commission on my stop-loss policy, and did you market it to multiple underwriters?

Their answer: ____

The truth: *Stop-loss commissions can be enormous and invisible. If one MGU got the deal without competition, ask why — and ask what they were paid to place it.*

12. Who keeps the pharmacy rebates — and can we audit the PBM contract?

Their answer: ____

The truth: *Spread pricing and retained rebates are two of the biggest leaks in any plan. If your broker can't explain your PBM contract or won't support an audit right, the leak is a feature, not a bug.*

13. Will you help me pull the federally mandated machine-readable files and see the actual negotiated rates at my top hospitals?

Their answer: ____

__The truth:__ Those prices are public by federal law. Every rate your network "negotiated" is sitting in a file, right now, free. A broker who has never opened one is selling you a product they've never inspected.

14. When one of my employees gets balance billed, what exactly happens and who fights it?

Their answer: ____

__The truth:__ Get the process, the name, and the escalation path in writing. "That rarely happens" is not a process.

15. Will you put every answer you just gave me in writing?

Their answer: ____

__The truth:__ If it's not in writing, the conversation never happened. A broker working for you documents everything. A broker working the room documents nothing.

Red Flags

- "That's proprietary" or "the carrier doesn't release that."
- "Don't worry — that's what you have me for."
- "You've always been happy with the renewal."
- They act insulted that you're asking — a professional working for YOU welcomes the audit.
- Any answer that cannot survive being put in writing.

Pro Tip

The fiduciary liability on your health plan is yours, personally — and employees have started suing plan sponsors over exactly the money these questions expose. Your broker keeps the commission either way. If they can't answer these questions clearly, confidently, and in writing, they're either uninformed or working for someone else's benefit — not yours. Walking away isn't rude. It's prudence, and prudence is your legal duty.