

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 592 (as introduced 7-10-01)
Sponsor: Senator Bill Bullard, Jr.
Committee: Financial Services

Date Completed: 10-2-01

CONTENT

The bill would amend the Third Party Administrator Act to eliminate the requirement that a third party administrator (TPA) employ at least one licensed administrative service manger (ASM). The bill also would delete language pertaining to the licensing requirements of the ASM.

Under current law, every TPA must hire at least one licensed ASM who is responsible for conducting the organization's daily operations. In order to receive a license in the State, the ASM must pass a written examination given by the Commissioner of the Office of Financial and Insurance Services. The exam tests the applicant's professional capabilities and understanding of the laws governing health care benefits. The bill would eliminate the required exam fee and the license application filing fee, which are \$10 each.

In addition, the bill would repeal a section of the Act that specifies the effective date and application of the Act.

As defined in the Act, "third party administrator" means "a person who processes claims pursuant to a service contract and who may also provide 1 or more other administrative services pursuant to a service contract, other than under a worker's compensation self-insurance program... Third party administrator does not include a carrier or employer sponsoring a plan."

MCL 550.914 et al.

Legislative Analyst: C. Layman

FISCAL IMPACT

The bill would eliminate the exam and application fees for these administrators, which would result in a loss of revenue to the Bureau. The number of applications and exam fees paid annually are not presently available.

Fiscal Analyst: M. Tyszkiewicz

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