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## New Legislation To Register and Regulate TPAs Proposed in Washington State

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Legislation was recently introduced in the Washington State House of Representatives (HB 2445) and the Washington State Senate (SB 6447) that would require third party administrators to register with the Washington Office of Insurance Commissioner (OIC). The proposed legislation was requested by the OIC.

Pursuant to the proposed legislation, a third party administrator will be defined as a person who performs one or more of the following functions on behalf of a carrier in connection with disability, health or stop-loss coverage:

- Underwriting
- Collecting charges or premiums
- Adjusting or settling claims
- Performing utilization reviews, credentialing providers, granting prior authorization or performing quality audits
- Acting as a Pharmacy Benefit Manager or Radiology Benefit Manager

In addition to registering with the OIC, the proposed legislation requires **carriers** to file, with the OIC, at least 30 days before use, all contracts executed between the carrier and TPAs and all contracts between those TPAs and providers. The proposed legislation requires TPAs that contract with a carrier to provide the carrier all contracts executed between the TPA and providers. The contracts are subject to the OIC's disapproval.

The proposed legislation will also allow the OIC to take the following actions against a TPA that has committed a violation of law:

- Place on probation, suspend, or revoke the TPA's license.
- Issue a fine of up to \$5,000 per violation.
- Issue an order against the TPA or affiliated insurer requiring corrective action.
- Charge the TPA for costs, fees, and other expenses incurred by the OIC related to any investigation, hearing or court proceeding involving the TPA.

Polsinelli's TPA team provides legislative monitoring services, TPA licensing services, and a number of other TPA regulatory and compliance services. Our TPA team includes attorneys who were former in-house counsel for TPAs and PBMs, as well as attorneys who were formerly insurance regulators.

Because of our experience with representing TPAs on a multi-state or national basis, we are able to help our clients avoid paying for the "learning curve" incurred by companies or attorneys who are not familiar with TPA regulatory and compliance needs.

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