

**ADVISORY NO. 411**

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**TOPIC: HOW WILL TPAS BECOME LICENSED UNDER HB 472?**

The Governor has signed House Bill 472, which provides that workers' compensation third party administrators are subject to regulation by the Texas Third Party Administrator Act. TPAs must review the statutory requirements and begin to prepare for the licensing process. The new requirements apply to the administration of network and non-network claims.

The process for licensing TPAs is already in place. Those entities who will be affected by HB 472, and who were not previously licensed as a TPA, can use the current application used by TPA applicants and available on the TDI website at the following location:

<http://www.tdi.state.tx.us/agent/agtpa1.html>

The Department has advised us that it may amend the application form prior to September 1, 2007 to collect data about the number of workers' compensation plans that are contracted at time of application. We have been advised that a currently unlicensed TPA may use the present form, as any change in the application form will not affect processing. It is advisable at the time of submission, however, to check the website to assure the most current application form is being submitted.

Although most provisions of the bill will take effect on September 1, 2007, there are a few limited exceptions to this deadline. Persons and service companies will not be required to hold a license under the Insurance Code as amended by the bill until January 1, 2008.

The Department is not authorized to issue a license under the amended statute until September 1, 2007. If the Department receives an application from a previously unlicensed TPA prior to that date, it will wait until September 1, 2007 to issue the new charter.

**Those persons who on August 31, 2007 already hold a certificate of authority issued under the Act may continue to operate under that authority until January 1, 2008.** No later than January 1, 2008, the Texas Department of Insurance shall issue a provisional license to those persons if they are in compliance with the requirements of the Insurance Code, as they existed before the bill amended the Code. These provisional licenses expire June 1, 2008.

The bill also increases the auditing, contracting and reporting requirements of all third party administrators to TDI. The bill is not applicable to insurance agents, self-insured political subdivisions or risk pools.

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