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20 Miller Road  
Bethany, CT 06524  
March 10, 2010

Representative Fontana, Senator Crisco  
Co-chairs, Insurance and Real Estate Committee

Re: HB 5090, An Act Regulating Third Party Administrators

Dear Co-Chairman Fontana and Crisco,

I missed the public comment on HB 5090. Since our brief discussion last week, I discussed the bill with Commissioner Sullivan and his legal staff. At your suggestion, I am writing to express my concerns.

For the record, my name is James Stirling; I live in Bethany and am CEO of Stirling Benefits Inc., a TPA with 43 employees providing services to the CT MEHIP program, the CT Teachers Retirement Board and over 200 CT small businesses.

My main concern with HB 5090 is that it unfairly exempts insurers and applies only to independent TPAs. When I raised this objection with Commissioner Sullivan, he told me that he can exempt insurers because they already return his calls. We understand the need to respond to DOI requests for information, but this bill also has sections that contain financial and contractual requirements that, if enacted, should apply to all entities acting as a TPAs. Exempting insurers will give them an unfair advantage. Good legislation levels the competitive field: this bill fails that test.

For example, we've seen ASO contracts where Anthem receives a fee based on a "percent of savings" from network discounts. Under this bill, independent TPAs would be barred from such arrangements but it would be permissible for Anthem. Other provisions regulate contractual provisions that are best left up to the contracting parties.

I do not object to fair regulation. I noticed in Commissioner Sullivan's written testimony, he stated that he had worked with the industry to come up with the bill. I think he meant he worked with the insurance industry, not the TPA industry, as none of my associates in CT have been contacted for comment or input on the bill.

I am sorry I did not object to the bill last year, but our industry silence does not mean that it is a fair bill now. Most TPA's who are active in CT are locally owned and operated. We do not have a lobbyist. But now that we are aware of the bill, we look forward to working with your committee to craft a bill that protects CT citizens and treats all businesses in the TPA world on equal footing.

Please either strike the insurance company exemption (in which case I suspect the carriers would oppose this bill) or postpone action until we can work with you and the DOI. Thank you.  
Sincerely,

James Stirling

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