

CHAPTER 21 - THIRD PARTY ADMINISTRATORS

SECTION .0100 - GENERAL PROVISIONS

11 NCAC 21 .0101 DEFINITIONS: LICENSE APPLICATIONS

(a) The definitions in G.S. 58-56-2 are incorporated into this Chapter by reference.

(b) In addition to those items listed in G.S. 58-56-51, the following items shall be filed in order to constitute a complete application for initial or renewal TPA licensure:

- (1) Transmittal form;
- (2) An application for administrator's license;
- (3) Biographical form(s) completed by principal officers;
- (4) A narrative description specifying the TPA's services performed in North Carolina;
- (5) A power of attorney duly executed by the TPA, if not domiciled in North Carolina, appointing the Commissioner as attorney for the TPA in and for this State, upon whom process in any legal action or proceeding against the TPA on a cause of action arising in this State may be served;
- (6) Internal controls narrative; and
- (7) Administrator's questionnaire.

(c) Copies of all forms may be obtained from the Department.

*History Note: Authority G.S. 58-2-40; 58-16-30; 58-56-2; 58-56-51;
Eff. June 1, 1996;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 16, 2014.*

11 NCAC 21 .0102 FINANCIAL STATEMENTS

The financial statements required by G.S. 58-56-51(b)(4) shall include a balance sheet, a statement of operations, and a statement of cash flows for the TPA's two most recent fiscal years. Financial statements shall be prepared by an independent certified public accountant. Financial statements of a TPA's parent company are acceptable if those statements contain consolidating schedules that include a breakout of the finances of the TPA, and if the certified public accountant's opinion letter does not disclaim association with the consolidating schedules.

*History Note: Authority G.S. 58-2-40; 58-2-205; 58-56-51;
Eff. June 1, 1996;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 16, 2014.*

11 NCAC 21 .0103 DETERMINATION OF FINANCIAL RESPONSIBILITY

In determining the financial responsibility of an applicant for a TPA license, the Department shall require that an applicant be solvent. In addition, the Department shall consider:

- (1) Liquidity;
- (2) Any internal controls the applicant may have in place to afford protection for benefit plans, which may include the manner in which benefit plan fund accounts are established; and
- (3) Segregation of duties.

*History Note: Authority G.S. 58-2-40; 58-56-51;
Eff. June 1, 1996;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 16, 2014.*

11 NCAC 21 .0104 SERVICE CONTRACTS

No TPA shall enter into an agreement to administer insurance with an insurance company or health maintenance organization unless the company or HMO is licensed to operate in North Carolina.

*History Note: Authority G.S. 58-2-40; 58-56-6; 58-56-51;
Eff. June 1, 1996;*

Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 16, 2014.

11 NCAC 21 .0105 CLAIM ADJUSTING BY TPAS

A TPA or an employee of a TPA does not have to have a license to adjust insurance claims for an insurer with which the TPA has a written agreement under G.S. 58-56-6.

*History Note: Authority G.S. 58-2-40; 58-56-2(5); 58-56-51;
Eff. June 1, 1996;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 16, 2014.*

11 NCAC 21 .0106 PAYMENT OF CLAIMS

If claims filed with a TPA or insurer are not paid within 30 days after receipt of the initial claim by the TPA or the insurer, the TPA or the insurer shall at that time mail a claim status report to the claimant.

*History Note: Authority G.S. 58-2-40; 58-3-100; 58-56-31;
Eff. June 1, 1996;
Readopted Eff. December 1, 2017.*

11 NCAC 21 .0107 GENERAL ADMINISTRATION

Every TPA shall:

- (1) Establish a governing body that is authorized to set policy for the organization.
- (2) Maintain complete corporate records in a secure and accessible location.
- (3) Employ a management information system that is able to provide information on all areas of the TPA operations.
- (4) Set internal policies and procedures for contract management.

*History Note: Authority G.S. 58-2-40; 58-56-6; 58-56-16; 58-56-51;
Eff. June 1, 1996;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 16, 2014.*

11 NCAC 21 .0108 CLAIMS ADMINISTRATION

- (a) Each TPA's claims administration service shall be supported by a set of written policies, procedures, and performance standards related to timeliness in payment of claims and its financial operations.
- (b) Each TPA shall develop and implement a claims administration internal audit and a quality assurance program to monitor and improve claims processing services.

*History Note: Authority G.S. 58-2-40; 58-56-26; 58-56-31; 58-56-51;
Eff. June 1, 1996;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 16, 2014.*

11 NCAC 21 .0109 MARKETING AND SALES

- (a) Each TPA shall ensure that all direct sales staff and brokers are licensed by the State of North Carolina to sell insurance and meet all continuing education requirements.
- (b) Each TPA that markets or sells insurance products shall quote only premium rates that have been filed with, and if applicable, approved by the Commissioner for those products. Where premium rates accompany a policy form filing and the rates are not subject to approval but the policy form filing is subject to approval, the TPA shall not quote those premium rates until the related forms have been approved by the Commissioner.

*History Note: Authority G.S. 58-2-40; 58-56-31; 58-56-51; 58-63-15; 58-63-65;
Eff. June 1, 1996;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 16, 2014.*

11 NCAC 21 .0110 SERVICES TO INSUREDS

(a) Each TPA shall make available to insureds and insurers a written description of its premium collection and claims payment policies and procedures.

(b) Each TPA shall be accessible to insureds and insurers by telephone to respond to inquiries about premium collections and claims payments.

History Note: Authority G.S. 58-2-40; 58-56-41; 58-56-51;

Eff. June 1, 1996;

Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 16, 2014.