

SB0139_FAV_MedChi_Ins. - Third Party Administrator

Uploaded by: Danna Kauffman

Position: FAV



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Senate Finance Committee
January 28, 2026
Senate Bill 139 – *Insurance – Third Party Administrators – Enforcement*
POSITION: SUPPORT

The Maryland State Medical Society (MedChi), the largest physician organization in Maryland, **supports** *Senate Bill 139: Insurance – Third Party Administrators – Enforcement*. This authorizes the Insurance Commissioner to impose a civil penalty of up to \$10,000 for each violation of the entire Insurance Article by a third-party administrator (TPA), instead of only for a violation of the provisions of law that directly governs TPAs. Additionally, the bill authorizes the Commissioner to deny a TPA registration to an applicant or refuse to renew, suspend, or revoke a TPA registration if the applicant or registrant has (1) violated the Insurance Article or any other State law related to insurance or (2) knowingly fails to comply with a regulation or order of the Commissioner.

MedChi strongly supports this bill and the need to have greater enforcement authority over TPAs. In addition to other administrative duties, TPAs often negotiate physician fees. As is stated in the Maryland Health Care Commission’s Insurer and Provider Concentration Report (2025), commercial reimbursements in Maryland for selected professional services averaged 104% of equivalent Medicare rates, third lowest among all states and significantly lower than the national average of 122%. Low reimbursement rates and the role of TPAs are the subject of the MultiPlan Health Insurance Provider Litigation, of which MedChi is a plaintiff.¹ The MultiPlan litigation alleges that major health insurers used MultiPlan’s “repricing” tools to systematically underpay physicians for out-of-network care. To favor insurers and suppress fair reimbursement.

MedChi strongly urges the Maryland Insurance Administration (MIA) and the General Assembly to conduct a comprehensive review of the MIA’s enforcement authority and penalties to ensure they meaningfully deter noncompliance, rather than being treated by insurers as a routine cost of doing business. MedChi urges a favorable vote on Senate Bill 139.

For more information call:

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410-244-7000

¹ U.S. District Court for the Northern District of Illinois.

SB139 TPA LOS Final.pdf

Uploaded by: Irnise Williams

Position: FAV

CAROLYN A. QUATTROCKI
Chief Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CARRIE J. WILLIAMS
Deputy Attorney General

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Deputy Attorney General



**STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
HEALTH EDUCATION AND ADVOCACY UNIT**

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Attorney General

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Division Chief

PETER V. BERNIS
General Counsel

CHRISTIAN E. BARRERA
Chief of Staff

IRNISE WILLIAMS
Deputy Unit Director

January 26, 2026

To: The Honorable Pamela Beidle, Chair
Finance Committee

From: Irnise F. Williams, Deputy Director, Health Education and Advocacy Unit

Re: Senate Bill 0139- Insurance - Third Party Administrators – Enforcement-
SUPPORT

The Office of the Attorney General’s Health Education and Advocacy Unit (HEAU) supports SB139 which strengthens consumer protections by closing an enforcement loophole in the regulation of Third-Party Administrators (TPAs) by the Maryland Insurance Administration (MIA). This bill closes critical enforcement gaps and strengthens consumer protections. It ensures Third-Party Administrators (TPAs) are accountable not only for violations under their specific section of the Insurance Article but for all applicable provisions. By granting the Maryland Insurance Administration (MIA) authority to impose penalties for violations of regulations and Commissioner orders, this legislation gives regulators the tools they need to act swiftly and decisively.

Marylanders count on us to protect them from harmful practices, including unauthorized health plans. Supporting this bill means standing up for transparency, fairness, and strong oversight—values that safeguard families and uphold trust in our insurance system. This is a practical, common-sense measure that prevents abuse and reinforces consumer confidence.

We urge a favorable report on SB139.

APTA MD - 2026 Testimony - Support - SB139 - Insur

Uploaded by: JD Sheppard

Position: FAV

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Our Vision

Transforming the diverse communities in Maryland to advance health and wellness by optimizing movement and function across the lifespan.

January 28, 2026

The Honorable Pam Beidle, Chair
Senate Finance Committee
Miller Senate Office Building, Room 3 East
11 Bladen St., Annapolis, MD 21401

RE: Senate Bill 139 - SUPPORT

Dear Chair Beidle,

The American Physical Therapy Association Maryland is writing to register our support of **Senate Bill 139 - Insurance - Third Party Administrators – Enforcement.**

The purpose of this legislation is to “alter the grounds on which the Maryland Insurance Commissioner may deny an applicant for registration as or refuse to renew, suspend, or revoke the registration of a third-party administrator; and altering the violations for which the Commissioner may impose civil penalties against a third-party administrator.”

The American Physical Therapy Association (APTA) conducted a survey on administrative burden from Dec 2018-Jan 2019. APTA members report that medically necessary physical therapist services are delayed — ultimately impacting patients’ clinical outcomes — because of the amount of time and resources they must spend on documentation and administrative tasks. The volume of these tasks also leads to dissatisfaction and burnout.

- 85.2% of providers agree or strongly agree that administrative burden contributes to burnout.
- 74% of respondents agreed or strongly agreed that prior authorization requirements negatively impact patients’ clinical outcomes.
- 76% of facilities and private practice owners have added nonclinical staff to accommodate administrative burden.
- 65% of respondents say more than 30 minutes of staff time is spent preparing an appeal for one claim.

APTA urges policymakers and third-party payers to advance policies that streamline documentation requirements, standardize prior authorization and payer coverage policies, eliminate unnecessary regulations and **enforce** the laws and regulations in place.

For the reasons noted above, we are asking for a favorable report on Senate Bill 139.

Sincerely,

Roy Film

Roy Film, PT, DPT
President, APTA Maryland

APTA MD - 2026 Testimony - Support - SB139 - Insur

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Senate Finance Committee
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- 85.2% of providers agree or strongly agree that administrative burden contributes to burnout.
- 74% of respondents agreed or strongly agreed that prior authorization requirements negatively impact patients’ clinical outcomes.
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For the reasons noted above, we are asking for a favorable report on Senate Bill 139.

Sincerely,



Roy Film, PT, DPT
President, APTA Maryland

SB 139 - MIA - Support.pdf

Uploaded by: Marie Grant

Position: FAV

WES MOORE
Governor

ARUNA MILLER
Lt. Governor



Maryland
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Commissioner

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Date: January 28, 2026

Bill # / Title: Senate Bill 139 - Insurance - Third Party Administrators - Enforcement

Committee: Senate Finance Committee

Position: Support

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support for Senate Bill 139, which is a Departmental bill.

Senate Bill 139 amends §§ 8-309(a) and 8-320(c) of the Insurance Article in order to allow the Maryland Insurance Administration (MIA) to, among other things, hold Third Party Administrators (TPAs) accountable for helping unauthorized insurers sell insurance products in the State. The bill authorizes denial, suspension, or revocation of a TPA registration if a TPA has violated the Insurance Article or another law of the State relating to Insurance, or knowingly fails to comply with a regulation adopted by or an order of the Commissioner. The bill also authorizes a civil penalty of not more than \$10,000 per violation of the Insurance Article committed by a TPA - currently, TPAs are subject to violations of the TPA subtitle only.

A TPA is a person or business entity that, to the extent that the TPA is acting for an insurer or plan sponsor, has: 1) control over custody of premiums, contributions, or any other money on behalf of a health plan or with respect to a life insurer, for any period of time; or 2) has discretionary authority over the adjustment, payment, or settlement of benefit claims under a health plan or on behalf of a life insurer over the investment of a plan's or life insurer's assets. Generally, TPAs are required to register with the MIA.

Over the past several years, the MIA has become increasingly aware of entities offering unauthorized health insurance in Maryland, typically with the assistance of TPAs. The MIA has been taking an aggressive approach to protect consumers by limiting the actions of unauthorized insurers, specifically health plans, in the State. These unauthorized insurers use TPAs to process claims and perform additional administrative functions. Under current law, the registration of a TPA can only be suspended or revoked based on a violation of the TPA subtitle itself and cannot be revoked based on violations outside of that subtitle. Senate Bill 139 closes this gap in the MIA's

enforcement authority, and in so doing, strengthens the ability of the MIA to protect consumers in two ways.

The bill would expand the ability of the Commissioner to deny, refuse to renew, revoke, or suspend the registration of a TPA for a violation of any provision of the Insurance Article or any other law relating to insurance that the TPA violates. The bill would not impact actions of the TPA relating to self-insured plans. Additionally, the bill would allow the Commissioner to impose a civil penalty up to \$10,000 for each violation of statute committed by a TPA.

Current law addresses revoking a TPA registration for conviction of a felony, but there may be an action that the MIA would want to stop prior to a conviction. For example, a TPA would not be subject to unfair claims settlement practices. So, a TPA could be using an Artificial Intelligence (AI) product that is biased in order to make claim determinations, and using it for multiple health plans. In order to stop this, however, under current law, the MIA would have to take action against each carrier utilizing the TPA in question, and demonstrate a violation individually, instead of investigating and penalizing the TPA which enables conduct that violates the Insurance Article.

Senate Bill 139 allows the MIA to better protect consumers by holding TPA's directly accountable for violations of the Insurance Article, and in so doing, enhances the MIA's ability to protect consumers and defend the integrity of the market for health insurance in Maryland. Holding a TPA responsible for violations it commits outside of Title 8, subtitle 3 is consistent with the obligations imposed on both insurers and insurance producers. *See* §§ 4-113(b)(1) and (2) and 10-126(a)(1).

For the reasons set forth above, the MIA urges a favorable committee report on Senate Bill 139 and thanks the Committee for the opportunity to share its support.