

THIRD PARTY ADMINISTRATOR ACT (EXCERPT)
Act 218 of 1984

550.902 Definitions.

Sec. 2.

As used in this act:

- (a) "Administrative services manager" or "manager" means an individual responsible for conducting the daily operations of a third party administrator.
- (b) "Benefit plan" or "plan" means a medical, surgical, dental, vision, or health care benefit plan and may include coverage under a policy or certificate issued by a carrier.
- (c) "Board" means the TPA advisory board created under section 19.
- (d) "Carrier" means an insurer, including a health maintenance organization, regulated under the insurance code of 1956, 1956 PA 218, MCL 500.100 to 500.8302, or a dental care corporation regulated under 1963 PA 125, MCL 550.351 to 550.373.
- (e) "Claim" means a request for payment for administering, filling, or refilling a drug or for providing a pharmacy service or a medical supply or device to an enrollee as that term is defined in section 116 of the insurance code of 1956, 1956 PA 218, MCL 500.116.
- (f) "Commissioner" means the director.
- (g) "Department" means the department of insurance and financial services.
- (h) "Director" means the director of the department.
- (i) "ERISA" means the employee retirement income security act of 1974, Public Law 93-406.
- (j) "Health plan" means a qualified health plan as that term is defined in section 1261 of the insurance code of 1956, 1956 PA 218, MCL 500.1261.
- (k) "Manufacturer" means that term as defined in section 17706 of the public health code, 1978 PA 368, MCL 333.17706.
- (l) "Person" means an individual, sole proprietorship, partnership, corporation, association, or any other legal entity.
- (m) "Personal data" means any record or information pertaining to the diagnosis, treatment, or health of an individual covered by a plan.
- (n) "Pharmacy" means that term as defined in section 17707 of the public health code, 1978 PA 368, MCL 333.17707.
- (o) Except as otherwise provided in subdivision (p), "pharmacy benefit manager" means an entity that contracts with a pharmacy or a pharmacy services administration organization on behalf of a health plan or carrier to provide pharmacy health services to individuals covered by the health plan or carrier or administration that includes, but is not limited to, any of the following:
 - (i) Contracting directly or indirectly with pharmacies to provide drugs to enrollees or other covered persons.
 - (ii) Administering a drug benefit.
 - (iii) Processing or paying pharmacy claims.
 - (iv) Creating or updating drug formularies.
 - (v) Making or assisting in making prior authorization determinations on drugs.
 - (vi) Administering rebates on drugs. As used in this subparagraph, "rebate" means a formulary discount or remuneration attributable to the use of prescription drugs that is paid by a manufacturer or third party, directly or indirectly, to a pharmacy benefit manager after a claim has been adjudicated at a pharmacy. Rebate does not include a fee, including, but not limited to, a bona fide service fee or administrative fee, that is not a formulary discount or remuneration described in this subparagraph. As used in this subparagraph, "third party" does not include a pharmacy benefit manager.
 - (vii) Establishing a pharmacy network.
- (p) "Pharmacy benefit manager" does not include the department of health and human services, a carrier, or an insurer.
- (q) "Pharmacy services administration organization" means an entity that provides contracting and other administrative services relating to prescription drug benefits to pharmacies.
- (r) "Processes claims" means the administrative services performed in connection with a claim for benefits under a plan.
- (s) "Service contract" means the written agreement for the provision of administrative services between the TPA and a plan, a sponsor of a plan, or a carrier.
- (t) "Third party administrator" or "TPA" means a person that directly or indirectly processes claims under a service contract and that may also provide 1 or more other administrative services under a service contract, other than under a worker's compensation self-insurance program pursuant to section 611 of the worker's disability

compensation act of 1969, 1969 PA 317, MCL 418.611. Third party administrator includes a pharmacy benefit manager. Third party administrator does not include a carrier or employer sponsoring a plan.

History: 1984, Act 218, Eff. Jan. 1, 1985 ;-- Am. 2022, Act 12, Imd. Eff. Feb. 23, 2022