

What is a TPA - Third Party Administrator?

If you're considering self-funded benefit plans then you no doubt have added TPA on your list of topics to research. This SmartSheet is dedicated to defining and highlighting the role of a TPA – Third Party Administrator.



As an employer considers or maintains a self-funded health plan program they typically will engage the services of a TPA. Using tools and knowledge of the industry, a TPA can determine if self-funding is a viable option for the client.

TPA's are professional, state-licensed organizations offering comprehensive services. They are considered experts in saving money for employers and in directing the customization of coverage. TPA's are on the cutting edge of government compliance, laws and legislation affecting employee benefit plans.

TPA's may be independently owned and operated, owned by an insurance company, multi-employer group, or even by hospitals. They work on behalf of employers with the broad variety of outside vendors involved in the health care provider industry.

Some TPA's work directly with an employer – others might work through agents and/or consultants.

TPA stands for **Third Party Administrator** and as such is defined as an organization or individual that handles the claims, processing, and reporting components of a self-funded health benefits plan.



Are there Benefits of hiring a TPA?

Absolutely! Whether developing or implementing a self-funded health plan, TPA's offer a variety of benefits!



COST SAVINGS

Cost savings and increased cash flow for clients can be expected in a TPA's work, from planning through administering the plan, record keeping and reporting, enrollment and eligibility management to name a few.



INFORMATION & INSIGHTS

Clients have access to reports relative to costs, claim history, and more. This enables informed decision making and plan adjustment as needed.



EXPERTISE

TPA's have extensive knowledge and expertise in the healthcare industry, regulatory requirements, adjudicating claims, account management and customer/member service needs.

Services / Skill Set of TPA's

Every TPA is unique in their culture, area of specialty and more. This list represents a compilation of skills and services of TPA's in general.

- Access to real-time eligibility and claims history reports
- Accounting Support and Reconciliation
- Billing Services
- Eligibility Management & Communication
- Claim Adjudication and Auditing
- Case Management and Utilization Reviews
- Customer Service/Call Center
- Plan Setup and Summary Plan Descriptions
- Enrollment Materials and Member Education & Communication
- Identification Card Production
- Report Customization
- Coordination of Documentation for Stop-Loss claims
- Health Planning & Industry Expertise

Frequently Asked Questions



What differentiates one TPA from another?



No two TPA's are identical. Services offered and areas of specialty may vary as will rates so it's necessary to examine and align with a TPA suitable to an organization's needs. Customer service level and willingness to practice engaged management also play a role in finding a TPA that 'fits' the culture and expectations of an employer.



What is meant in referencing 'engaged management'?



Engaged management refers to the ability and commitment in how a TPA approaches the work an organization hires them to do. Relationship building, coaching and educating clients are often invisible traits but should be part of the conversation when seeking out a TPA.