

## TPA Transition Success

**A Private rehabilitation center left its third party administrator and found improved claims processing accuracy and cost savings with a new administrative partner**

### Summary

A mid-sized, privately owned rehabilitation center located in Central New York was concerned that its third party administrator (TPA) was not accurately processing claims associated with its employee health benefit plan. Compounded by service frustrations and limited reporting capabilities, the group worked with its broker to complete a formal request for proposal (RFP) process. The RFP compared the services and estimated claim and administrative service costs of the organization's current TPA to several other regional administrators and insurance carriers offering self-funded plan options. The decision was made to transition to a new TPA. One year later, the plan was under budget, a claims audit proved 100 percent benefit plan compliance, and members and the management team were finally satisfied with their service.

### The Problem

After five years of service, a privately owned organization in Upstate New York was beginning to lose confidence that its TPA was accurately paying claims in accordance with the group's customized benefit plan document. The human resource manager's weekly check report analysis routinely indicated that claims for excluded services were being paid by the TPA. Also of great concern, was a realization that many claims were being processed after the filing deadline specified in the plan document. By processing such ineligible claims, the organization's TPA was incurring costs on behalf of the plan that the organization was not responsible for paying. In addition, the TPA's client service team structure had changed, and the organization was no longer receiving timely responses to inquiries and proactive strategic guidance.

The organization had long been self-funded and appreciated many of the inherent benefits: plan customization, reinvesting unspent budget dollars, and avoidance of many state taxes and fees.

Despite these benefits, the organization was no longer satisfied with its TPA's performance and customer service. In agreement with its broker, the organization decided to re-evaluate the options available in the marketplace.

### The Process

The organization's broker completed a formal RFP and provided an analysis of both insurance carriers and TPAs offering self-funded administrative services. The organization's top priorities were to identify an administrator that would:

- Mitigate plan costs through cost-saving strategies
- Ensure proper claims processing and plan administration per benefit plan and eligibility requirements, and implement continual auditing measures
- Minimize member disruption by offering a strong regional and national provider network and a seamless implementation process

The broker's analysis resulted in a final recommendation for the organization to transition to a new TPA.

The recommended TPA:

- Offered a unique cost-containment strategy that exceeded the capabilities described by the other bidders. The strategy included such unique capabilities as a 100 percent audit of inpatient claims to ensure proper billing and coding, custom out-of-network claim negotiation services, and fraud and abuse audit protections. On average, across all administered plans, the TPA's cost-containment services saved its clients 62 percent of the cost of every claim.
- Demonstrated a 98 percent claims processing accuracy across all its custom-designed benefit plans, as well as an average 99 percent financial accuracy rating. Unlike many other options, the TPA conducted annual SSAE-16 audits, as well as routine plan-specific audits, to ensure claims are processed according to each plan's specific benefits.

# Case Study

- Offered a comparable regional and national network, ensuring minimal member disruption. The TPA's implementation strategy included on-site member meetings to help educate members about the TPA transition and provide them with a level of comfort regarding their benefits and available providers. The TPA also demonstrated the system capabilities to administer the organization's existing benefit plan design exactly.
- Introduced a client service model that included an integrated team of benefit plan strategists, administrative support staff, and a single primary point of contact for service needs. The TPA also offered a member service model predicated on a goal of first call resolution and locally based member service representatives routinely reviewed through call-monitoring tools and post-call member surveys.

---

## The Payoff

By January 1, 2014, the organization had fully transitioned to its new TPA partner. After a successful implementation process that included on-site client and member meetings and a thorough claims processing audit, the organization was confident that its members were being well serviced and that its plan was being managed by a truly strategic administrative partner.

After the completion of the first full plan year administered by the new TPA, the organization was three percent under budget, despite the occurrence of unusually high large claimants. Both the client and the broker were pleased with the flexible and detailed experience reports that were provided by their client service team, and felt that their account manager was a true strategic partner with the plan's best interests always top of mind.

**To start your own success story, or to learn more about the benefits of self-funding, call POMCO at 800.934.2459.**