

Buyers Guide, Part 1:

Why Consider a Third-Party Administrator?



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Enhance plan efficiency

Greater Control



Drive cost reductions

According to the most recent Employer Health Benefits Survey by the Kaiser Family Foundation, a significant 65% of covered employees in the US are enrolled in self-funded plans, with 83% of them employed at larger companies.

Self-funded companies operate as their own insurers, assuming the risk and administration of the plan instead of purchasing traditional health insurance from established payers. Collaborating with a top-tier TPA to drive cost reductions and enhance plan efficiency is common and beneficial.

Proven TPAs can empower companies to achieve greater independence, take command of their

benefits plan, alleviate administrative burdens, facilitate additional vendor partnerships, and leverage tech-enabled analytics to offer deeper insights into plan performance and optimize them for their employees.

Brokers and consultants play crucial roles in guiding their clients through the development of benefit plans and managing vendor relationships in tandem with their TPA.

The following will serve as a guide for employers, brokers, and consultants on how to effectively collaborate with a TPA to create generous, effective health benefits plans that foster employee engagement and wellness while efficiently managing costs. This is the first of a two-part series exploring the utilization of a TPA partner for self-funded benefits plans.

What is a TPA?

TPAs function as the administrative backbone for self-funded companies. Typically, TPAs collaborate with brokers, consultants, and an organization's HR team to conceive and implement a healthcare benefits plan aimed at enhancing employee benefits. The administrative tasks provided by TPAs encompass.



Claims processing:

Adjudicating and paying claims for members and providers



Member services:

Directly engaging with members to ensure their plan-related needs are met, managing member requests, and guiding high-risk members toward appropriate care



Plan design and implementation:

Working closely with HR teams to design the optimal plan for the employee population and aiding in its implementation



Network administration:

Directly engaging with members to ensure their plan-related needs are met, managing member requests, and guiding high-risk members toward appropriate care



Compliance management:

Ensuring self-funded health plans adhere to federal and state regulations such as ERISA, HIPAA, and the ACA



Reporting and analytics:

Offering data-driven insights into a plan's utilization, spending, and the overall health status of an employee base



Managing stop-loss:

Sourcing and managing stop-loss carrier claims

How do TPAs differ from an Administrative Services Organization (ASO)?

To work with an ASO means bundling services with a single healthcare company, which provides all administrative services and insurance.

Opting to remain “unbundled” allows you to contract with specialized companies to manage or provide each portion of your program, thereby separating out the different services required to administer and manage the cost of your plan.

There are substantial benefits to choosing an unbundled approach with a TPA.

These include flexibility and customization, data transparency, diverse solutions, and access to superior cost containment strategies.



How do TPAs save time and money?

TPAs specialize in benefits administration and play a pivotal role in ensuring all aspects of a plan are optimally utilized, thereby minimizing waste. Their expertise allows for more efficient task handling while reducing administrative costs that would otherwise be managed in-house. They achieve this through:

01 Offering network flexibility

Offering network flexibility in partnership with multiple payers and insurance carriers, providing top-tier networks paired with the TPA's own member services, technology, and reporting and analytics.

02 Remaining compliant

Ensuring compliance with healthcare regulations and keeping abreast of the latest advancements to mitigate the risk of fines and penalties.

03 Enabling unbundling and carveout strategies

Enabling unbundling and carve-out strategies, allowing employers to select a provider network without being locked into bundled services, thus reducing costs and strengthening access to care.

04 Providing superior technology

Providing superior technology solutions that streamline administration for employers and enhance the member experience.

05 Access to care management

TPAs provide access to care management services that identify and address high-cost events, driving cost savings and facilitating a faster return to work for employees.

Recently, Personify Health's Case Management team intervened in a member's care who was struggling to afford treatment. This team offered a viable solution that was easy for the member to implement and saved both the employee and the company significantly.



Alternative solutions

In addition to these capabilities, TPAs also offer unique and creative solutions for self-funded employers aiming to establish non-traditional, cost-effective plans for their employees, such as Reference-Based Pricing. TPAs negotiate rates with healthcare providers, pharmacy benefit managers, and other vendors to ensure their clients receive the best possible prices for medical services and supplies.

By pooling resources, TPAs can often offer better rates and discounts than an employer could negotiate on their own.

Here are some frequently asked questions regarding TPAs, the different plans available with their administration, and how employers, brokers, and consultants can interact or choose a partner when considering self-funded plans.

How do TPAs improve employee health?

TPAs can enhance employee health through plan analytics, allowing them to assess plan usage and implement programs custom-made specifically to the employee population.

For example, if an employer has a high population of child-bearing-aged employees, the plan could benefit from a maternal health program such as Personify Health's Nurturing Together. This program offers families access to prenatal nurses who provide support throughout pregnancy (including the post-birth season), assist with the location of in-network providers, and more.

Other programs include behavioral health, chronic condition management, employee assistance programs (EAPs), and even smoking cessation.

TPAs can also adapt health plans to meet the needs of members, promote healthy habits, and manage clinical care pathways to ensure

employees receive high-quality, coordinated care specific to their individual needs. This proactive approach.

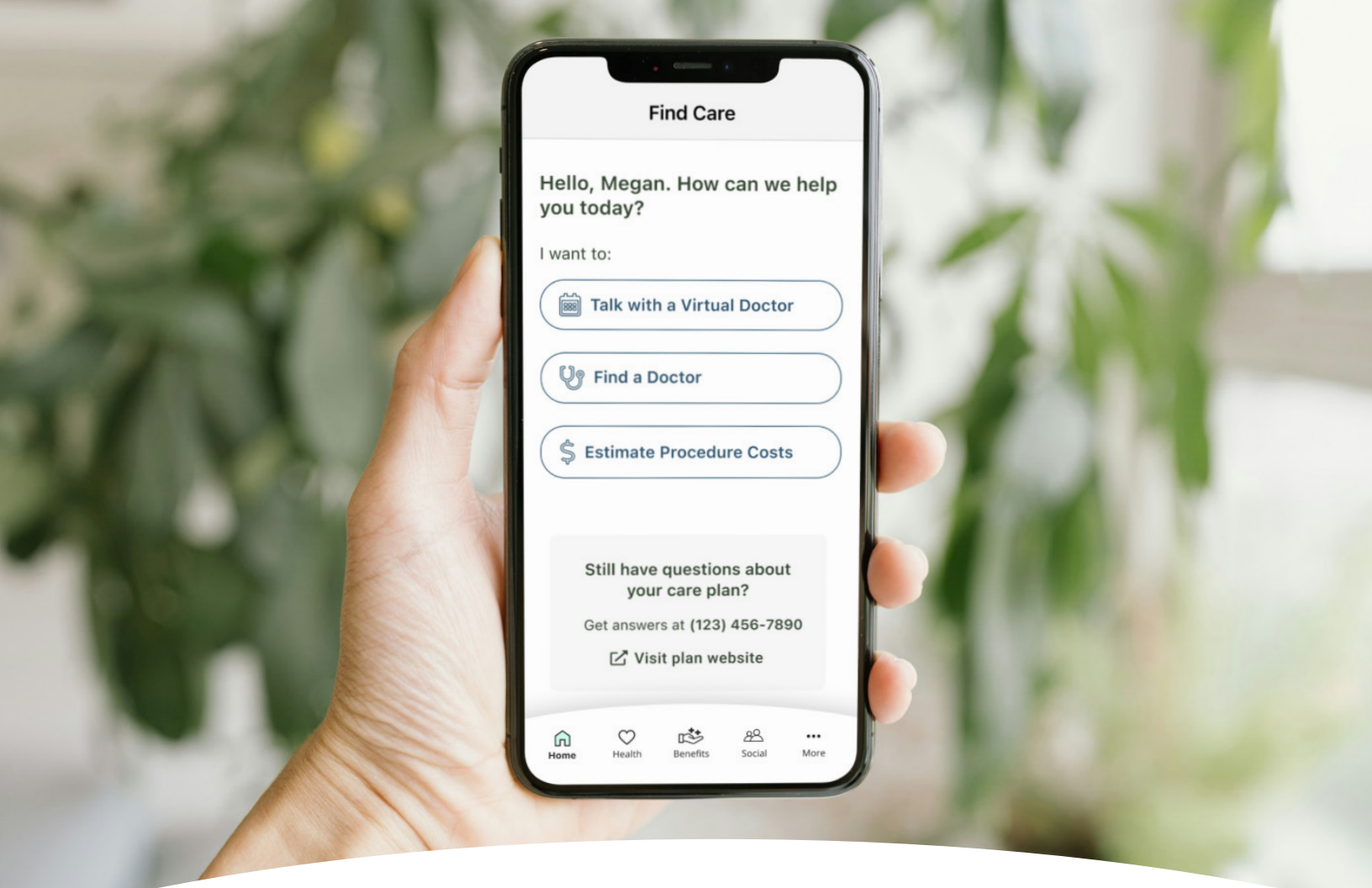
What is reference-based pricing (RBP)?

RBP is a health plan pricing strategy used as an alternative to a traditional PPO network. Administered by a TPA, RBP determines the amount an employer will reimburse for a specific medical service or procedure, typically based on a percentage of Medicare. This model can be negotiated with a provider before or, more commonly, after a service is provided.

How do TPAs work with pharmacy benefit managers (PBMs)?

PBMs sit between payers, such as self-funded plans, and drug manufacturers.

Like TPAs in healthcare administration, PBMs focus solely on prescription drug costs and often collaborate with a TPA as part of the employee benefits team. As a TPA, Personify Health partners with various PBMs, enabling its brokers, consultants, and clients to select the best partner that aligns with their needs and financial goals.



What is care management?

TPAs offer care management services to help members navigate the complex healthcare landscape and find cost-effective, beneficial care solutions. These services can significantly mitigate costs across various areas, such as emergency room usage, maternal health, radiology, and inpatient services.

Personify Health's care management services are like a GPS for your health, guiding employees to the right care at the right time—whether it's for long-term, preventive, physical, behavioral, or at-home needs.

And let's talk numbers for a minute: as of 2023, healthcare spending is one of the highest annual expenses for employers, soaring over \$15,000 per insured member on average.

Recognizing the impact of different service options and their costs is a vital part of making the most of healthcare benefits plans.

Personify Health's care management programs aren't just effective and efficient – they're also budget-friendly. According to an analysis by the independent actuarial firm Wakely, companies that adopted Personify Health's programs saw a whopping 23% decrease in overall medical costs, including in-patient costs and emergency room visits.

That's no small change, right? It's like getting top-notch care while keeping those costs in check.

It's all about forging a shared path, making sure both sides understand each other's needs, and crafting a benefits plan that will fit and edify your organization.



Closing

Exploring a self-funded benefits plan coupled with a TPA reveals a strategic avenue for companies seeking to navigate the complexities of healthcare costs while delivering top-tier benefits to their employees.

Insights from the Employer Health Benefits Survey conducted by the Kaiser Family Foundation (shared earlier) underscore the growing prevalence and efficacy of such plans, with a notable segment of employees in larger U.S. companies already enrolled in these programs. Teaming up with a reputable TPA like Personify Health empowers companies to take the reins on their benefits structure, streamline administrative tasks, and tap into cutting-edge analytics for fine-tuning their healthcare offerings.

In the realm of employee health benefits, TPAs stand out as invaluable partners.

They don't just streamline benefits administration and ensure compliance, saving both time and money. TPAs also play a crucial role in enhancing employee health outcomes through customized health plans, proactive care management, and wellbeing programs. This holistic approach to employee health underscores the strategic significance of selecting a TPA for companies eager to forge resilient, impactful, and cost-effective healthcare plans for their workforce.

In the second part of this two-part series, we're diving into the practical steps of engaging with a TPA.

We'll explore navigating the crucial aspects of collaborating with TPAs, understanding the pivotal role of brokers or consultants in fostering a strong TPA relationship, and the key actions involved in transitioning to a self-funded plan managed by a TPA.



About Personify Health

Virgin Pulse and HealthComp have merged to become Personify Health, the company driven to engage and empower people to live healthier lives. By bringing industry-leading health plan administration, holistic wellbeing, and navigation solutions together, all in one place, we have created the industry's first and only personalized health platform. With decades of experience and global operations, we empower diverse and unique businesses – and diverse and unique people – to engage more deeply in health at a lower cost. Through our proprietary combination of data-driven personalization, science-backed methodology, and concierge-level clinical expertise, our end-to-end platform makes it easier to proactively address people's needs across their lives. With a personalized, holistic, and powerfully simple experience, we are redefining industry expectations and what it means to manage health.

Let's talk

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