The TPA Selection Process

Maximizing Your TPA Relationship
TPA Selection Process

• A Business Partner
  – Relationship!
    • Your most important relationship
    • Do you love your TPA?
    • Communication
  – Aligning your interests
    • Creating a sense of “team”
    • Goals and objectives – specific and measurable
    • Financial incentive

TPA Selection Process

• TPA Considerations
  – Stability
  – Management/Service Team
  – Organizational Structure
  – Control Environment (Data Security)
  – Location
  – Systems/Reporting Capabilities
  – Relationships – regulators, excess carriers, vendors, reputation in industry, references
    – Claims management philosophy
TPA Selection Process

• TPA Considerations

  **Control Environment**
  – E&O Coverage
  – Data Security Measures
  – Internal Controls – Proper Segregation of Duties
  – Internal Claim Audits
  – Conflicts of Interest

• TPA Considerations

  **Systems and Reporting Capabilities**
  – Timeframe (how often, real time)
  – Data captured
  – Trending
  – EDI capabilities
  – On-line access vs. monthly distribution/as requested
TPA Selection Process

• Defining Expectations
  – Service Standards
    • Establish mutually-agreed upon goals (adjuster case loads, 3-point contact, statements, etc.) and develop measurement tools
    • Reserving practices
    • Timely notification of significant changes
    • Attendance at meetings/conferences/legal proceedings/mediations
    • Timely reporting to excess carrier
    • State reporting requirements
    • Report generation

• TPA Capabilities
  – Adjuster Caseloads (you get what you pay for)
  – Diary System
  – Management/supervisory attention to files
  – Dedicated adjusters/Key individuals/Account Manager-single point of contact
  – Nurse Case Management (telephonic/onsite)
  – Subrogation
  – RRE/MSAs (Medicare/Medicaid Reporting Responsibilities)
  – Expense Management
TPA Selection Process

• TPA Capabilities
  – Expense Management
    • Utilization Review
    • Medical Bill Review
    • Surveillance
    • Litigation Management

“Discourage litigation. Persuade your neighbors to compromise whenever you can. As a peacemaker the lawyer has superior opportunity of being a good man. There will still be business enough.”

Abraham Lincoln
TPA Selection Process

- Pricing
  - No one pricing structure is right or wrong (bundled vs. unbundled, per claim, % of premium, flat fee, admin expenses...).
  - The key is that the organization understands exactly what they are paying for and how.
  - Look out for “side agreements” or hidden costs with vendors.

TPA Selection Process

- Services often billed directly to claim files
  - Defense Costs
  - Nurse Case Management
  - Utilization Review
  - PPO network
  - Bill Review
  - Surveillance
TPA Selection Process

• Services often billed directly to claim files

All expenses may not be reimbursable by your excess carrier. Know your policy!

TPA Selection Process

• Legal Aspect of TPA Relationship
  – RFP Process
  – Contract
    • Special Account Instructions
    • Term
    • Tail
    • Insurance Requirements (E&O)
    • Right to Inspect
    • Assignability
    • Arbitration Clause
    • Termination Clause/Remedy
TPA Selection Process

• Transition Management
  
  Making a Change
  
  – Set up timeline – work backwards
  – Communication with all vested parties
  – Issuing of payments during transition
  – Cost to transition tail vs. leaving tail with prior TPA
  – Data transfer (compatibility issues, cost, etc.)

• Evaluating Your TPA Relationship
  
  – Reports/progress on mutually-agreed goals and service standards
  – Regularly scheduled file reviews
  – Periodic claim audit (internal, external, excess)
  – Conflict management/resolution
  – Communication
  – Results!
TPA Selection Process

• Evaluating Your TPA Relationship

**Results!**

- Benchmark and analysis (vs. prior years, industry, etc.)
  - Return to work
  - Files in litigation/litig. costs
  - Average cost per claim
  - Reserve development

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TPA Selection Process

• Evaluating Your TPA Relationship

**Continuous process**

- Mutually setting and redefining goals
- Measuring/benchmarking
- Communicating
- Re-evaluating