Make Your TPA an MVP

Steps to Effectively Team Up with Your Casualty Claims TPA

CLM002
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What to Expect

After attending this session, you should be able to:

• Develop a Partnering Relationship with Your TPA
• Conduct Effective TPA Contract Negotiations
• Establish Well-Defined and Measurable Account Instructions
• Maximize Fee Arrangement Cost-Effectiveness
Client Responsibilities
Step 1: Selecting the Right TPA

• Selecting the right partner is key to success
• Don’t be duped by the sales person
  o Interview the people working on your account
    - Check tenure, experience, turnover rates, caseloads, continuing education, references
  o Review Best Practices
    - Litigation management program
    - Quality control & audit
    - Subrogation effectiveness
  o Determine systems capabilities
Step 2: Fee Negotiation

- Life of File (most cost certainty)
- Life of Contract (more control of service)
- Time & Expense
- Multi-Year Contracts
- Be clear on what is included:
  - Data Feeds
  - System Access
  - Bill Review
  - Claim Notices
Step 3: Contract Negotiation

• Define Service parameters
  o Set up audit frequency
  o Dedicated adjusters vs. Designated adjusters
  o How will adjuster turnover be managed?

• Don’t forget system requirements & data feeds

• Negotiate ancillary services (OSHA reporting)

• Balance need to cut costs with TPA case load management
Step 4: Escrow Accounts

• Be aware of your company’s AP process time
  o The longer your reimbursement process, the higher the escrow requirements
  o Seasonal fluctuations could lead to insufficiency
  o Failure of sufficient escrow could lead to your employees indemnity payments being cut off and fines/penalties by the state
  o Review calculations at least on a bi-annual basis
Step 5: Define the Role of the TPA

• TPA can be an extension of your department
  o Familiarize adjusters with your business
    - What is your corporate philosophy?
      • Defend your product vs. minimize defense expense
      • Primary point of contact for claimant
    - Encourage collaboration with Legal Department
  o What internal resources do you have to support claim decisions?
    - Lower settlement authority = more involvement of RM
  o Apply the “golden rule”
    - Mutual respect, treat like member of your team
Step 6: Making TPA Your MVP

- Client Service Instructions are your friend
  - Review at least annually
  - Management of outside vendors
    - Private investigator, durable medical equipment, RX services
    - Selection of counsel
      - Ensure compliance with carrier & internal panel counsel
    - Encourage collaboration with Legal Department
- Account Manager can be differentiator
  - Maintain open items list
Step 7: Set Measurable Expectations

• Watch case loads of adjusters
  o Manage “deadwood”

• Audits
  o First contact & file set up
  o Quality of Investigations
  o Best Practices & CSI compliance
  o Timely reporting/updates to carriers
  o Adequacy of Reserves
  o Pro-active approach
Step 8: Claim Reviews

• Define frequency, % of claims to be reviewed
• Role of Account Manager
• Review for liability determination, reserve adequacy, action items, compliance with settlement authority (CSI’s & Best Practices)
• Review open and closed cases
• SAS 70 (SSAE 16) & SOX
Step 9: Monitor Your Data

• Define location code hierarchy
• Have review procedures for location code correctness
• Establish frequency and type of loss report
• Scorecard Data
TPA Responsibilities and Standards
TPA Responsibilities and Standards

- Expectations and Philosophy
- Communication
- Investigation
- Expense Controls
- Results
TPA Responsibilities and Standards

Expectations and Philosophy:

• Hands on vs. Hands off approaches
• Liability Assessments
• Settlement Authority
• Litigation Management
TPA Responsibilities and Standards

Communication:

• Reporting
  a) Frequency
  b) Included Data
  c) How Transmitted

• Claim Review/Evaluation Opinions
TPA Responsibilities and Standards

Investigation & Expense Controls:

• Claim Size
• Evidence Retention, Storage and Documentation
• Litigation Management
• Setting Reserves
• Investigative Fees
TPA Responsibilities and Standards

Results: What is a good resolution?

• Goals
  o Financial
  o Historical Precedent
  o Actuarial
  o Timeliness (cradle to grave)
Questions, Final Comments and Contact Information

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