**5 Ways Technology Can Give TPAs an Advantage over BUCAs**

By Bob Carlson, Healthx

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Everyone loves a good David and Goliath story. It’s a staple of business books, entertainment programming and sports coverage. And now there’s one unfolding in the world of health insurance.

Traditionally, third-party administrators (TPAs) have been at a disadvantage when competing head-to-head with the large insurance carriers (e.g.,the BUCAs) for small and mid-size employer business. BUCAs have tremendous negotiating power with providers that allow them to set lower prices for care (at least up-front), making themselves look more attractive. They have national reputations that make them the “safe” choice. And they have far-reaching networks of providers and the perception of deep discounts.

Of course, the trade-off for all of that has been that the BUCAs tend to be slow and bureaucratic, with little ability to customize their offerings to the needs of an employer. “Choice” for the employer and employees amounts to selecting between a handful of static offerings the payer dictates.

That may work for large employers with a widely diverse employee base. But for smaller employers – those looking to offer the best benefit package they can for 50-1,000 covered lives – it’s generally left them settling for generic coverage rather getting what they really need. Which has over the years created an opportunity for TPAs.

Thanks to changes in healthcare laws such as the Affordable Care Act (ACA) and technology advances such as more sophisticated member/provider portals and mobile apps, TPAs are in a stronger position than ever to compete for the business of small and mid-sized employers who want to explore becoming self-insured. TPAs’ smaller size makes them more flexible than the BUCAs, meaning they’re not locked in to a few plans or a specific way of doing things.

Because TPAs can more easily customize their offerings, they can work with brokers and employers to develop plans that are creative and innovative. And with the right technology partner they can then tailor their services, vendors and technologies to ensure small- and mid-size employers are enabling superior benefits for their employees.

Following are five “stones” TPAs can use to gain a distinct advantage over the BUCA Goliaths.

1. **Branded portals that feel like “our” plan**. When employees want to go online to find a provider, check benefits or perform some other task in a BUCA plan, they go to a website that carries the payer’s branding. It all has a very impersonal and remote feel. With a TPA plan, however, the portal or mobile app can be customized to carry the employer’s branding, navigation, terminology, etc. to the extent it appears to be just another page on their website. This makes the employee feel their employer is taking an active role in providing their benefits rather than a service being delivered by a big, anonymous insurance company. This helps drive loyalty as well as portal adoption. Over the years consumer research has shown there isn’t a lot of trust between consumers and their insurance companies. But there is (or at least should be) between employers and employees. This is a way to take advantage of it.
2. **Customizing the entire benefits experience**. There are actually two interrelated sides to this. On the design side, if you’re a small to mid-size employer working with a BUCA you don’t get a lot of choice in who the vendors are for various services, such as the pharmacy benefits manager (PBM). Working with a TPA gives employers many more choices that allow them to customize the plan to their employees. For example, if there is a particular PBM that has a clear advantage on locations in that area, a superior formulary or other desirable characteristics, the TPA can easily include them in the plan. If the member has questions about their benefits, the TPA can set up the portal to route them to HR as a first step rather than the insurance carrier’s call center, again strengthening the bond between employer and employee while ensuring top-notch customer service and greater efficiency. TPAs and brokers can design their plans to whatever that employer feels is needed to keep employees healthy and happy.

In terms of access, TPAs gain another advantage via single sign-on by being able to link to outside services from within the employer’s portal rather than having to go to individual web pages and log in again with a different username and password. In many cases a TPA can set up the employer portal so one login provides access to all services, delivering convenience as well as a much more seamless member experience. TPAs can also give employees the ability to tailor how they want to view the information within the portal rather than being stuck with whatever the BUCA provides. And for group administrators, a single sign-on means they can access all their reports in one place rather than having to log in to multiple sites to get a complete view of how the program is working.

1. **Ability to move to paperless communication**. While paperless statements are common with credit cards, telecom providers and retailers, this concept has been slow to make its way into the health insurance realm. This reliance on paper drives up administrative costs and is one of the reasons many members find explanation of benefits (EOBs) and other data so confusing. With portal technology (and/or mobile apps) TPAs and brokers can offer to deliver all communications electronically, and format them in a way that makes sense to employees. A good example is grouping EOBs into a monthly statement rather than sending each individually. This method enables employees to easily see the total cost, as well as their individual responsibility because all the information is in one place. It also prevents them from having to search through multiple statements to see if they have already paid a particular claim. Going electronic means they can keep their membership information on a smartphone and email or fax the card from their phone ahead of their appointment.

An additional advantage TPAs and brokers can bring is the way the information is delivered within the portal. This is critical because every employer’s population has unique characteristics based on their location, size and industry. They have much more flexibility to tailor it to the employee base, by presenting the information in multiple languages or adjusting the wording based on their education level or “insurance sophistication.” These communications can include built-in assistance that makes it easier for employees to understand their benefits, helping employees make better financial decisions and reduce their costs. They can include a glossary of terms or a basic explanation of how insurance works, if needed. If there is a question on an EOB employees can click on a wide range of choices that will pre-populate for them; when the question has been answered they’ll receive an email to log in to the portal and review it. With electronic communication, the variations and possibilities are nearly endless.

1. **Give employers a more active role in controlling costs**. With a BUCA plan, the employer doesn’t have much visibility into the cost and claims because they’re simply paying the premiums for a static plan. In a self-funded plan, employers can take a much more active role, aided by their broker and TPA. Using reports from multiple sources – claims, health risk assessments (HRAs), PBMs, etc. – the TPA can work with the employer to create new programs and offerings that help lower costs. For example, if the HRAs show a high percentage of employees are smokers, the employer can offer a financial incentive to employees who complete a smoking cessation program and lower their health risks in the process. As a result, employers can not only see what is driving costs and health problems – they can take specific, tailored actions to improve them.
2. **Incorporate data from additional sources**. Because of their flexibility, TPAs and brokers can consolidate data (including pharmaceutical and lab data) across multiple groups and give employers a better understanding of how their organization’s health compares to that of similar entities. This, again, helps them make better decisions to improve the health of their employees, such as giving personal health monitoring devices to all employees. While any employer can choose to do this, the data that is accumulated will likely be ignored by the BUCAs. Self-funded employers working with TPAs, however, can opt to use that information in a meaningful way to help improve employee health.

There is little doubt that technology has not only leveled the playing field when it comes to competing for the business of small and mid-sized organizations – it has actually given the advantage to the more nimble and flexible TPAs and brokers. They now have the ability to deliver customized, self-funded plans that can help employers keep employees healthier while allowing both to lower their overall costs and make better health-related decisions. Score one more for David.

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