

# Elevating TPA partnership expectations for self-funded health systems

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The healthcare industry itself is not immune to the challenges of managing health benefits costs for its own workers. Benefit administrators for health systems are faced with the same challenge that all employers are addressing in 2023 and beyond: how to provide employees with the highest-quality care while optimizing costs and maximizing plan flexibility for both their healthcare employees and the organization. For U.S. companies, the cost of caring for more than one in two Americans receiving insurance through employer-sponsored plans continues to increase.<sup>1</sup> For larger employers, the total cost of health benefits further rose by 5.3% in 2021.<sup>2</sup>

Even as they provide care to others, many health systems' associates are seeing increases in their insurance premiums that are outpacing inflation and wage growth. In fact, the average annual health insurance premiums for family coverage for employer-sponsored health plans have topped \$20,000 for the first time, according to KFF 2018. On average, covered workers contribute 18% of the premium for single coverage and 30% of the premium for family coverage. Total costs for these premiums increased by 22% from 2014 to 2019, and worker contributions increased by 25% during that time.<sup>3</sup>

To better manage the cost of care, employers across all sectors have transitioned to self-funding options. Today more than 61% of some 150 million people receiving employer-sponsored insurance (ESI) are covered by self-funded or partially self-funded healthcare plans. In very large companies with 5,000 or more employees, 91% of workers are in self-funded plans, and the rate of adoption among smaller organizations continues to accelerate.<sup>4</sup> Just like any other self-funded employer, health systems generally require some type of third-party administration (TPA) solution to administer their health plans. Some use carriers or health insurance companies that market "administrative services only" (ASO) options for their TPA functions. Others use traditional TPAs. A partnership with a specialty TPA that offers deep expertise in the intricacies of managing health benefits for healthcare workers, however, has the potential to be transformative across a health system's entire organization.

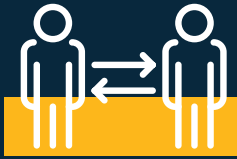


**For larger employers, the total cost of health benefits in 2021 is expected to further rise by**

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**For the first time, average annual health insurance for employer-sponsored health plans have topped**

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## **Plan Management In a Complex Environment**

Health systems must consider a myriad of business factors when evaluating a TPA relationship. In addition to the increasing costs of employee care, they are immersed in a volatile industry environment of skyrocketing patient care costs, tight operating margins, reimbursement pressures, complex partner relationships, and moves to new care-delivery models that require greater transparency. At the same time, they are also struggling to balance the benefits of new technologies with EMR and data management complexities, ever-changing regulatory issues, aging patient populations with more complex medical issues, and highly competitive workforce challenges. Adding to the current landscape is the impact of COVID-19. Coupled with so many other issues, the pandemic has put even greater stress and uncertainty on the country's healthcare system.

These complications can make the prospect of transitioning to a TPA plan or a new TPA partner seem overwhelming for a health system. Yet the urgency to deliver quality care at lower costs, without compromising service and positive member experiences, is greater than ever before.

Forging a relationship with the right TPA that has extensive expertise and flexibility can be an ideal solution for many health systems, despite the perceived complexities of making such a move. This is particularly true for larger health systems that have already invested heavily in quality health solutions for their employee population. They require a highly flexible plan that optimizes these investments, with options that fit specific needs of employees.

## **Specialty TPA Advantages for Differing Priorities**

Simply put, self-funded organizations may choose a specialty TPA with deep health systems expertise to gain more control over their destiny than they could achieve in a traditional carrier relationship. That greater control can translate into flexible options in benefit design, data integration, population health tools (leveraging CINs and ACOs), and nondomestic network coverage, as well as substantial business reimbursement for patient care. It can also mean more significant opportunities to utilize their clinical strengths in caring for the organization's employees.

A specialized TPA relationship can address this need for control and customization, and it can respond to differing priorities across the system. From HR to finance to clinicians and business development, each function can realize positive impacts from an effective TPA partnership. Working with a TPA that is attuned to a health system's entire ecosystem helps to create a personalized approach that empowers unprecedented collaboration.

## **A Tailored Approach**

For the HR team at a health system, the TPA partner must be an expert in designing flexible plans targeted to the current and changing needs of the system's workforce. It should have the capabilities to introduce new and innovative options for the health system's most discerning population: its associates. The plan design must also integrate seamlessly with existing health management programs, such as PBMs, ACOs, and clinically integrated networks (CINs).





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The working relationship with the TPA partner is also a significant factor in helping to ensure the success of the plan. HR benefits administrators should expect high levels of service, responsiveness, objectivity, and useful reporting tools from the TPA.

### **Domestic Utilization and Cost Management**

For CFOs charged with cost and risk management across all aspects of the organization, a strong TPA relationship will help facilitate cost-containment opportunities. By focusing on actual costs rather than carrier rates, a well-designed plan can provide direct savings that remain within the health system.

A TPA that possesses health system insights and expertise can identify opportunities for maximizing domestic utilization rates, which can contribute significantly to overall system revenue generation and employee benefits cost control. An experienced, employee-focused TPA will be able to lead a thorough analysis to assess gaps in quality of care and provider networks to strengthen domestic utilization.

When health systems employees and their health plan dependents use the actual services they provide, they help contribute to building a stronger community and stronger brand while taking advantage of the quality of care provided by the health system.

Network providers can realize more financial benefits, and systems can play an active role in improving their staff's health outcomes. By directly assessing and managing claims data while maintaining patient confidentiality or PHI integrity, health systems can find ways to mitigate rate increases over time.

Utilization is vitally important in today's healthcare environment. Increases in domestic utilization can make a difference when it comes to containing spiraling costs. From 2016 to 2017, spending rose 4.2%, while prices jumped 3.6%, but healthcare utilization only grew by 0.5% during that time, illustrating dramatic opportunities for improvement.<sup>5</sup>

### **Data-Driven, Patient-Centered Care**

As CMOs, CQOs, and CIOs work with their systems to focus on strategies that deliver quality, data-driven, patient-centered care more effectively, a customized plan can make meaningful contributions toward these efforts. In an ideal scenario, health systems want to further improve their population health through a TPA relationship that can include tools to help tap real-time clinical information, enabling them to achieve optimal levels of appropriate care.

Virtually every health system has invested heavily in data, technology, and EMR as mission-critical assets. U.S. health IT spending topped \$7.1 billion in 2017 and continues to increase annually.<sup>6</sup> Partnering with a TPA that has access to clinical data decision-support tools can help providers deliver a tailored plan to allow providers to offer the right care, at the right time, in the right setting, at the right costs. Leveraging these tools can help address targeted variations, thus enabling flatter overall medical trends.



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## Recruitment

A personalized plan can also serve as a powerful recruitment tool. HR teams must attract talent with a robust, affordable, and flexible health benefits package that enhances members' experiences. Many employers are recognizing this need. The number of those who view their healthcare offerings as an integral part of their workforce strategy increased from 36% in 2019 to 45% in 2020.<sup>7</sup>

The right plan that includes work-life balance/flexibility programs, support for innovation, and mentoring opportunities can also be an essential retention tool for health systems employers in a highly competitive job market.<sup>8</sup> According to a recent survey, more employees in the healthcare sector report they have been actively looking for a job during the past year than in other sectors.<sup>9</sup>

## Business Development

Business development teams are seeking new revenue-generation opportunities. For some health systems, an optimized self-funded plan can help create direct relationships with non-health system employers looking for a better way to achieve their health benefit goals. The plan can serve as a model and a facilitator for initiating new relationships with employers in order to pursue broader strategic aims and increase market share.

## Overcoming Barriers

A self-funded plan with a specialty TPA relationship can be a tremendous advantage for the right health system. But it is not always a solution for every organization. All potential barriers and objections should be assessed, along with timing, before considering a shift.

For instance, the arrangement requires knowledgeable benefit administration skill sets to make the most of the TPA relationship. If the level of internal expertise is not currently present, the organization may need to invest in staffing to build or train the right teams. The same is valid for health systems that may be considering self-funding their health benefits plan as a precursor to delivering direct-to-employer offerings.

Other barriers may include organizational concerns about disrupting long-standing relationships with current payors or moving from a large partner with a known brand to a nimble and specialized but lesser-known entity.

In addition, an organization's leadership may not recognize the potential value of a specialized TPA relationship without a thorough analysis of the positive impact it can have on the entire organization. HR teams should align with finance teams and be prepared to make the case.

Changing the status quo in any organization is an educational process, and the transition to a new or different TPA relationship will require a thoughtful strategy. The goal should be to engage all stakeholders and address possible concerns while conveying the cost and operational benefits that can be realized. A specialty TPA partner with the requisite depth and breadth of health system experience can assist in helping to remove these barriers.





Close examination of the additional value



Combination of offerings and continuous innovation



Legacy and leadership backed by strength and resources



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## Contigo Health: Uncomplicating the Complicated

Today's healthcare world is more complex than ever before. Building a self-funded plan requires a TPA partner that will help "uncomplicate the complicated" while facilitating quality care, cost savings, and innovation. An experienced TPA partner understands the unique complexities of health systems and can effectively navigate self-funding design and implementation to realize the plan's full potential across the entire organization. While numerous TPAs exist, health system decision-makers must closely examine the additional value a specialty TPA can offer.

Contigo Health® Sync Health Plan TPA is redefining health systems' expectations for TPA services with an exciting combination of offerings and continuous innovation. In addition to its legacy of TPA leadership, Contigo Health, formerly Health Design Plus (HDP), is backed by the strength and resources of its affiliation with Premier, Inc, a leader in data, analytics, consulting, and group purchasing for health systems.

## Partnership Benefits

Contigo Health offers leading-edge, TPA custom solutions designed expressly for health systems

- A client roster featuring leading employers known for quality and innovation in health benefits delivery
- Strategic analysis, design, and integration with existing health management programs
- Flexible, objective benefit design for greater control in payment models, data integration, and network coverage
- Comprehensive reporting tools and protection of confidential information
- Exceptional client relationships, with a proven track record reflected by exceptional client retention and consistently high Net Promoter scores
- Experienced, responsive, and friendly service from a professional, caring, and hardworking team that delivers unparalleled support

**Ready to learn more?**

**Speak with a Contigo Health  
Representative today at 330-656-1072  
or visit [contigohealth.com](https://contigohealth.com).**



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