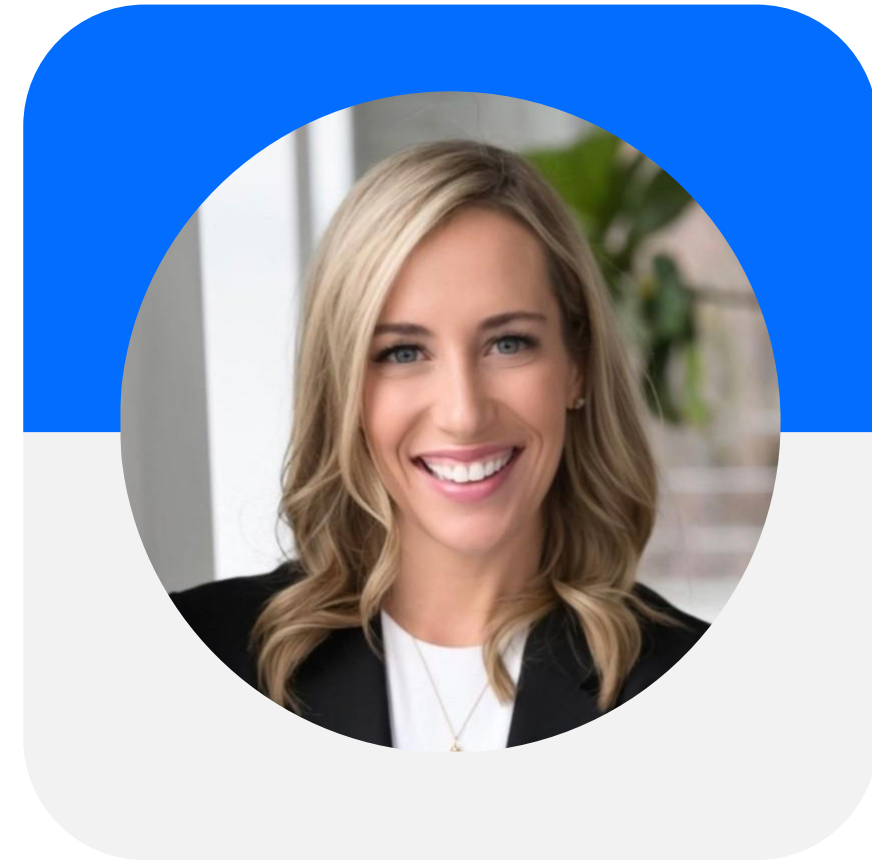


# Third-Party Administration for Employee Benefits and Why Health Systems are Moving to Them



**ASHLEY POND**  
Executive Director, National Partnerships

Experience. Solutions. Results.

# OVERVIEW

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- How third-party administration provides necessary flexibility for health systems as compared to traditional carrier models
- The importance of health system network and plan design and how that drives overall utilization for health systems
- Strategies to improve domestic utilization through data and analytics (including but not limited to identifying referral patterns, gaps in services)



# HEALTH SYSTEM PARTNERSHIPS WITH NETWORKS

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- Complicated relationships
- Need each other to be successful
- Hospital needs to be in network to provide services
- Network needs hospital in network so no perceived gaps
- Hospital manages costs during network negotiations without making excessive cuts
- Network wants to have a competitive market advantage, push for bigger discounts



# EMPLOYEE BENEFITS ARE COMPLICATED

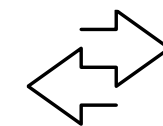
## For a standard employer:

 In network/out of network benefit set up

 Stop loss integration

 PBM integration

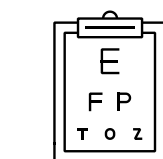
## For a member:

 In network/out of network benefit understanding

 Where to get care

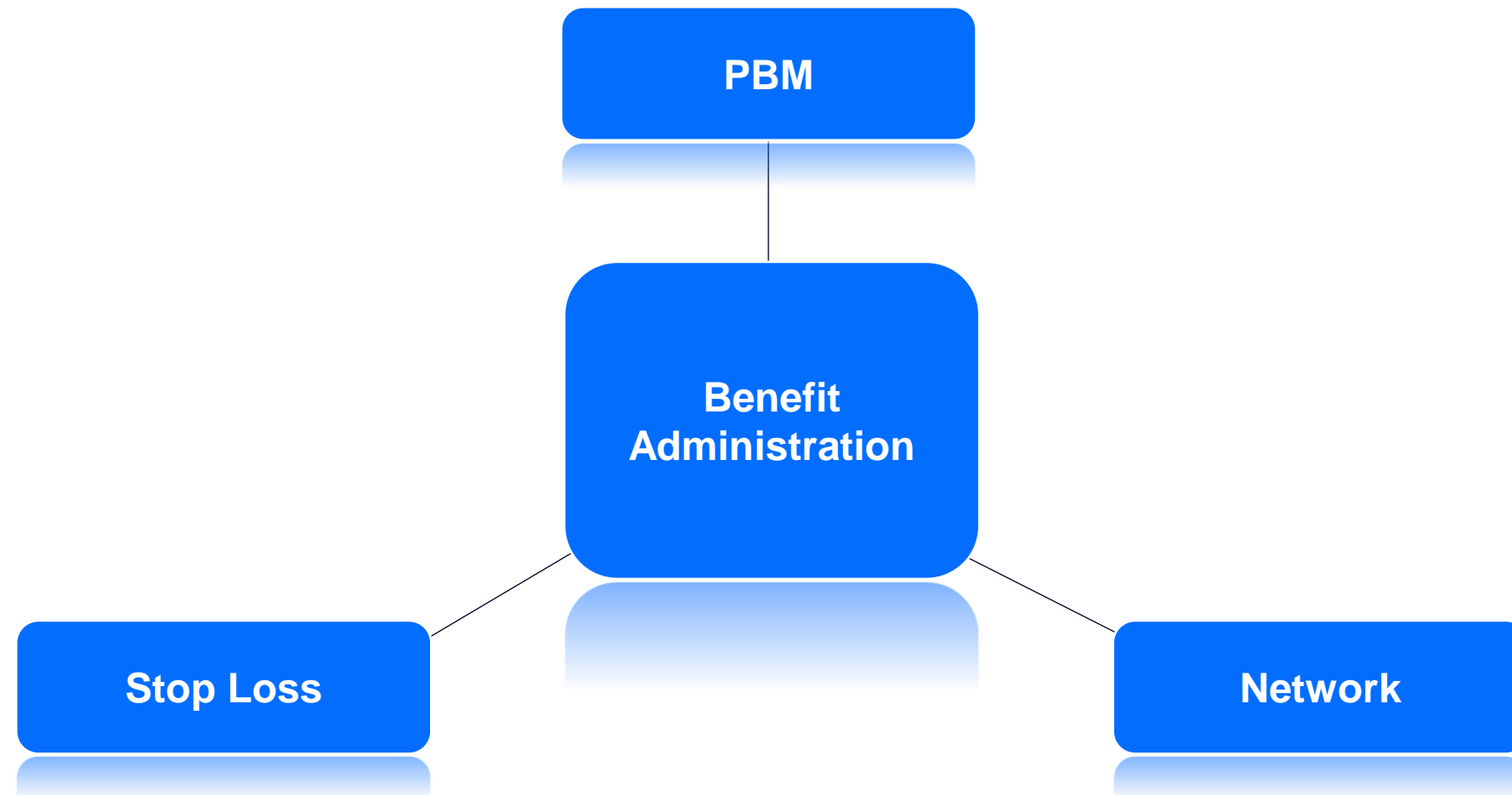
 Cost of care

 Pharmacy benefits

 Additional benefit details – Dental, Vision, EAP, HSA, FSA, etc

# STANDARD EMPLOYER SELF FUNDED ARRANGEMENT

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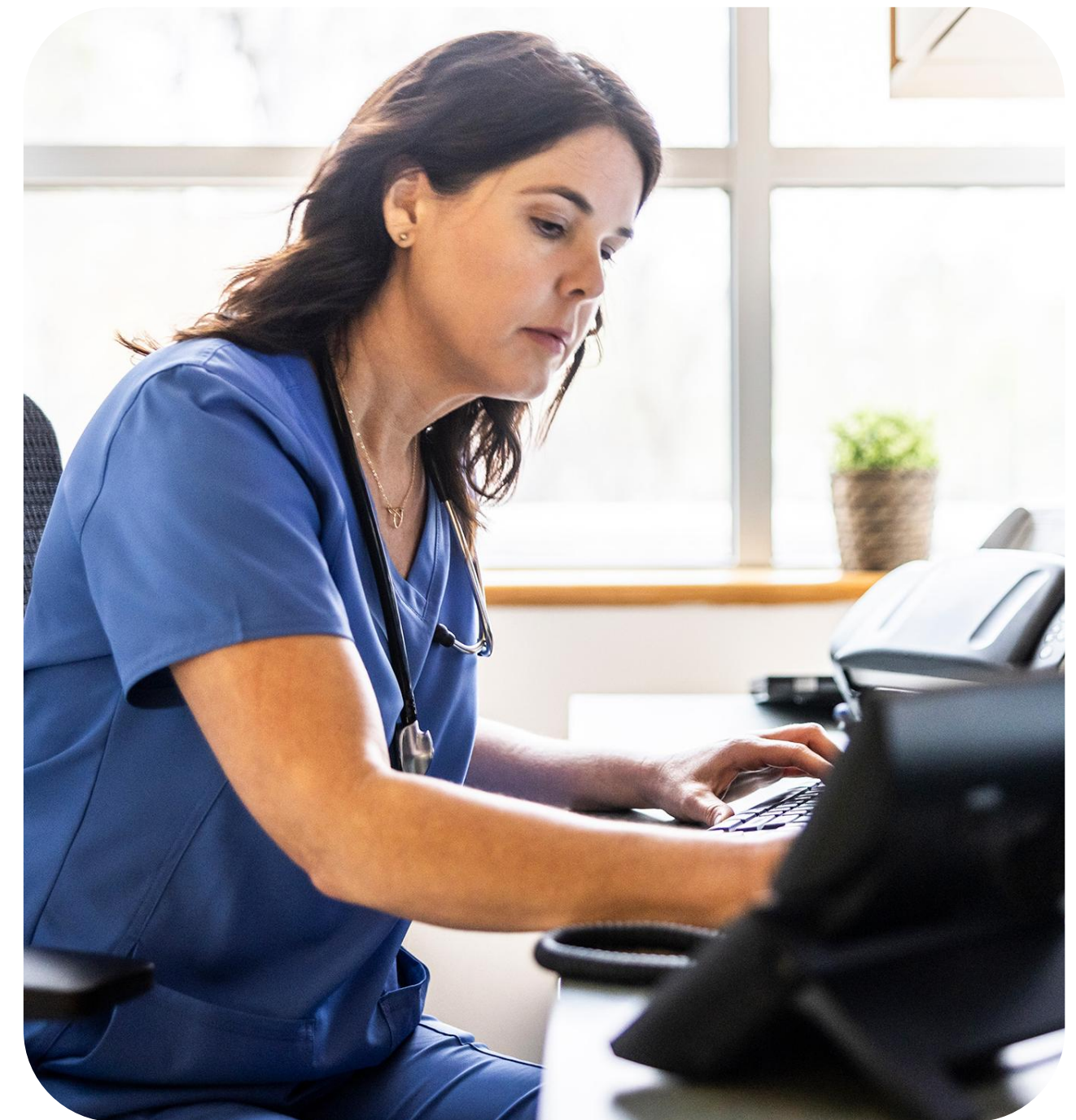


Additional point solutions may apply

# HEALTH SYSTEM BENEFITS ARE EVEN MORE COMPLEX

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- Incorporate domestic component to network setup
- Incentivize members to use owned facilities and providers
  - Benefit for health system
    - Increased revenue
  - Benefit for members
    - Decreased cost
    - Better quality of care



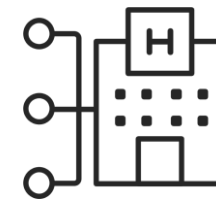
# NETWORK MANAGEMENT AND PLAN DESIGN FOR HEALTH SYSTEMS

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## Domestic network management

- Custom fee schedules
- Managing added/termed/changed contracts
- Supporting custom provider directory needs

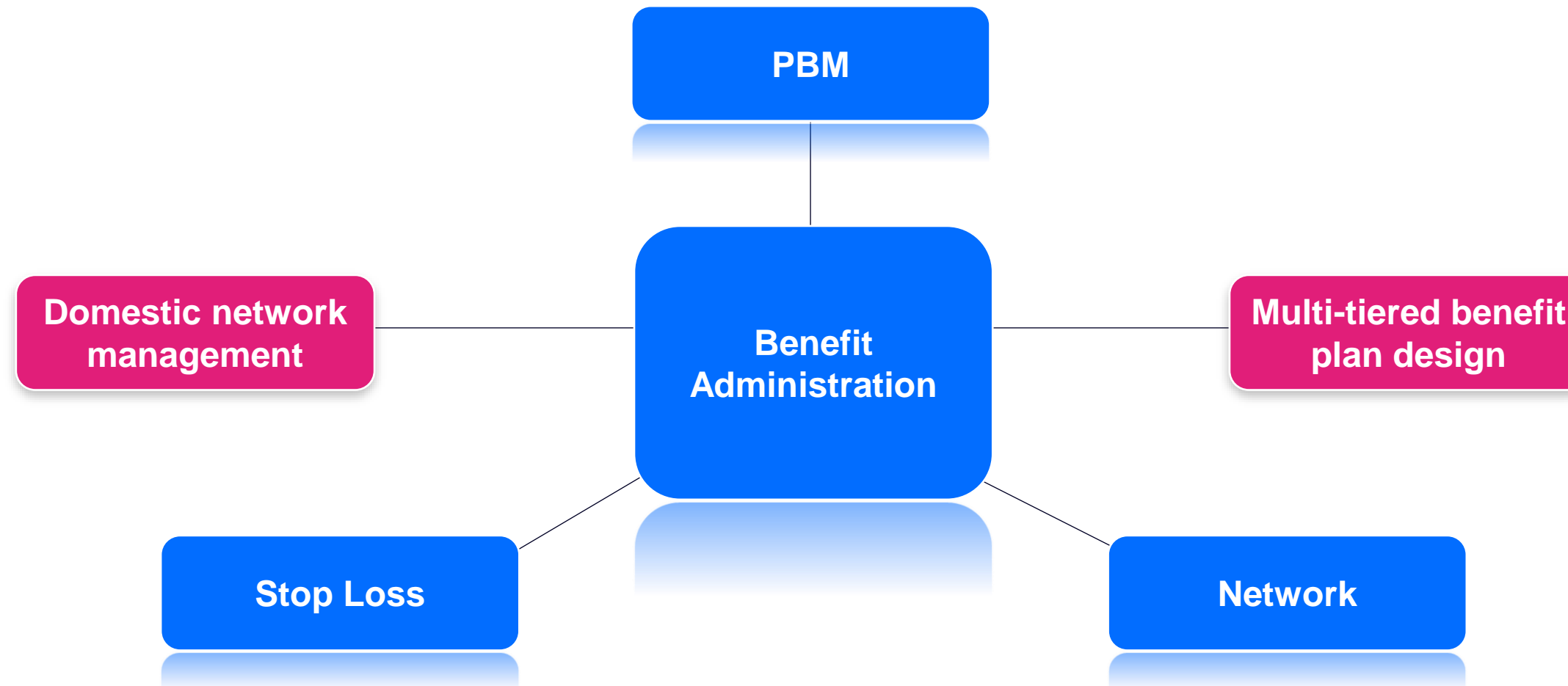


## Corresponding plan design management

- 3+ tier benefit design
- Understanding/testing unique provider scenarios

# HEALTH SYSTEM ADMINISTRATION REQUIREMENTS

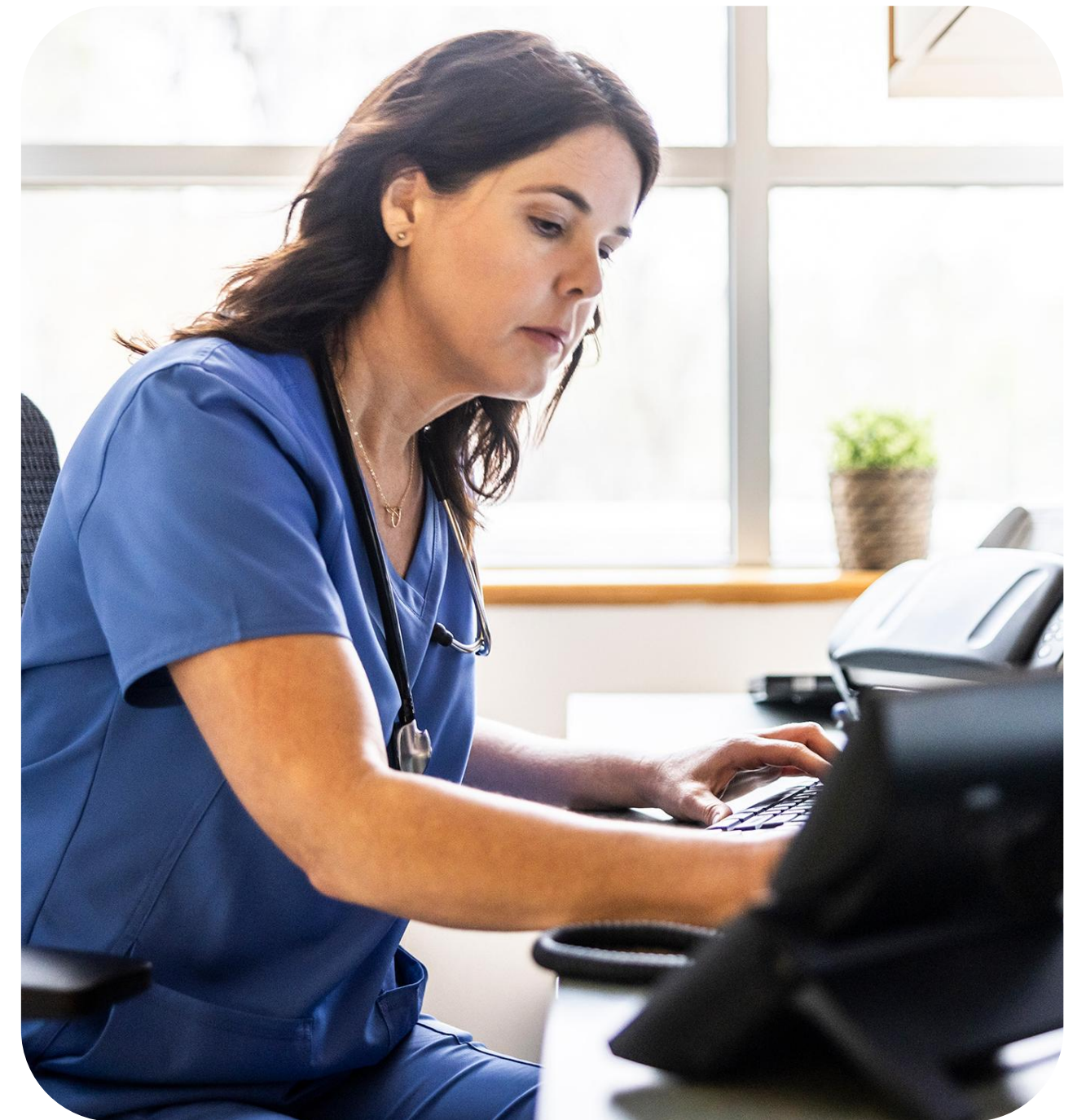
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# REPORTING REQUIREMENT FOR HEALTH SYSTEMS

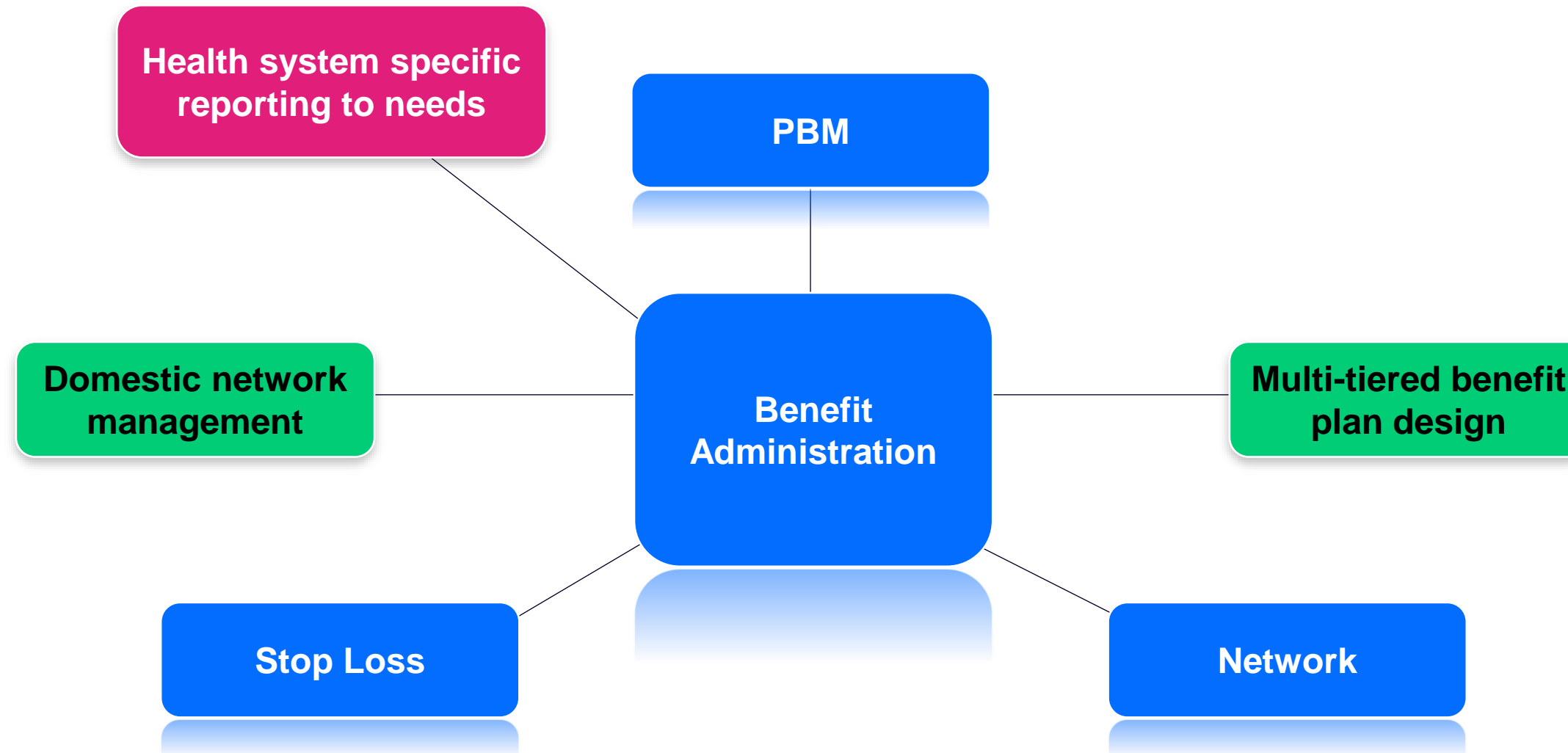
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- Ability to track member utilization
- Reporting requirements to track domestic vs. non domestic
- More sophisticated reporting required versus traditional employer benefit plans



# HEALTH SYSTEM ADMINISTRATION REQUIREMENTS

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# LEVERAGING ACTIONABLE INSIGHTS

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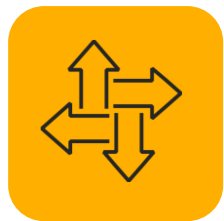
Utilize reporting to understand other trends



Referral patterns

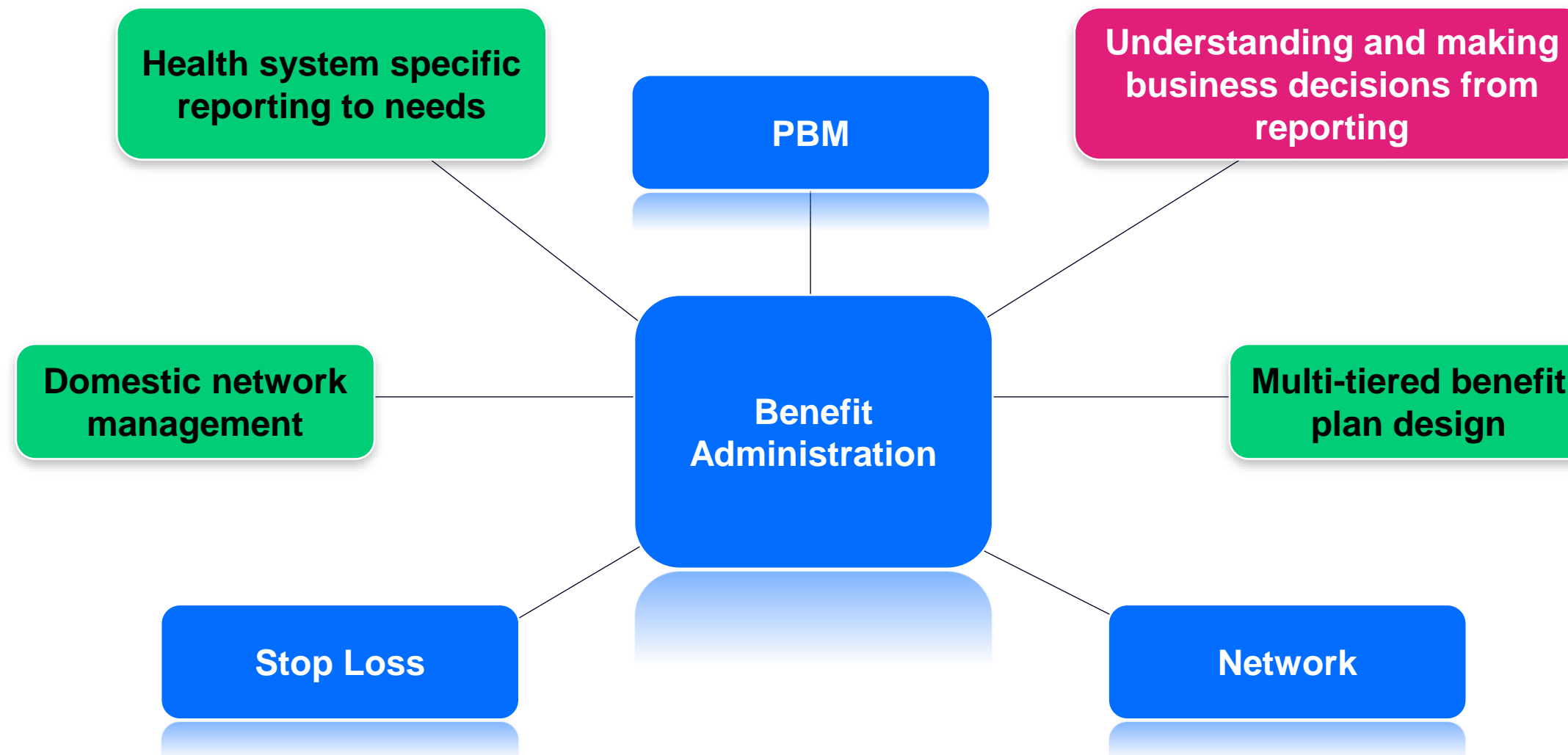


Leakage



Opportunity to make business decisions

# HEALTH SYSTEM ADMINISTRATION REQUIREMENTS



# IMPLEMENTING BUSINESS DECISIONS

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Based on data, what can be done to improve domestic utilization



Plan design changes

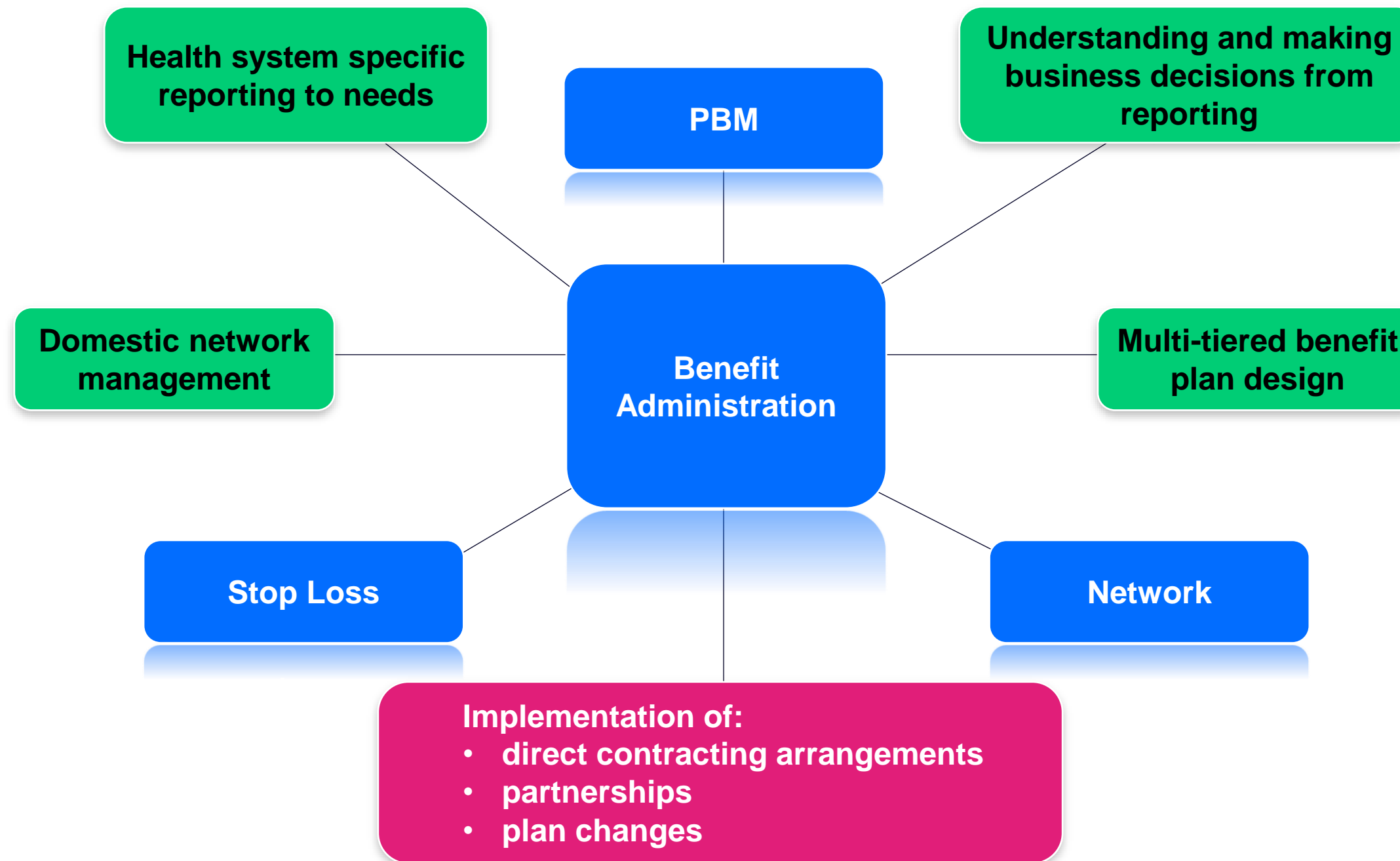


Direct contracting



Excluding competing providers/facilities

# HEALTH SYSTEM ADMINISTRATION REQUIREMENTS



# EVOLUTION OF REPORTING REQUIREMENTS

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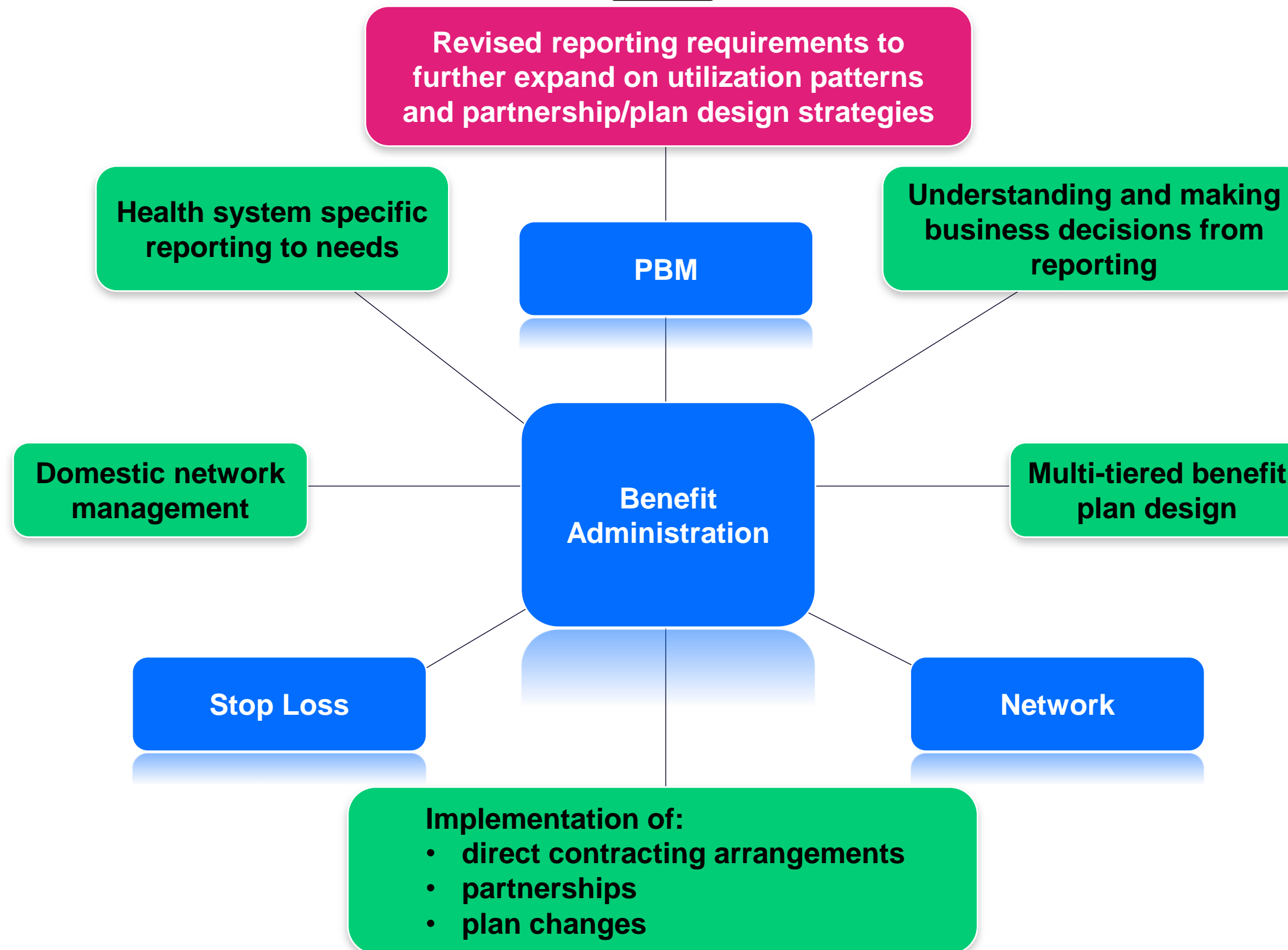


With direct contracting changes, new reporting needs arise



Break out domestic utilization based on owned/non owned providers/facilities

# HEALTH SYSTEM ADMINISTRATION REQUIREMENTS



# CLINICAL INTEGRATION AND ALIGNMENT

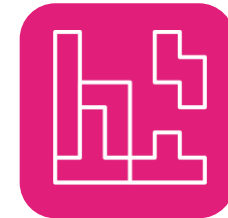
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Clinical integration requirements



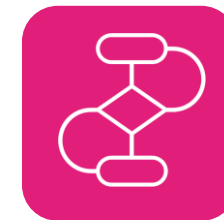
Utilization of in-house programs



How to align with health system programs?



Who does what?



Process/work-flows developed

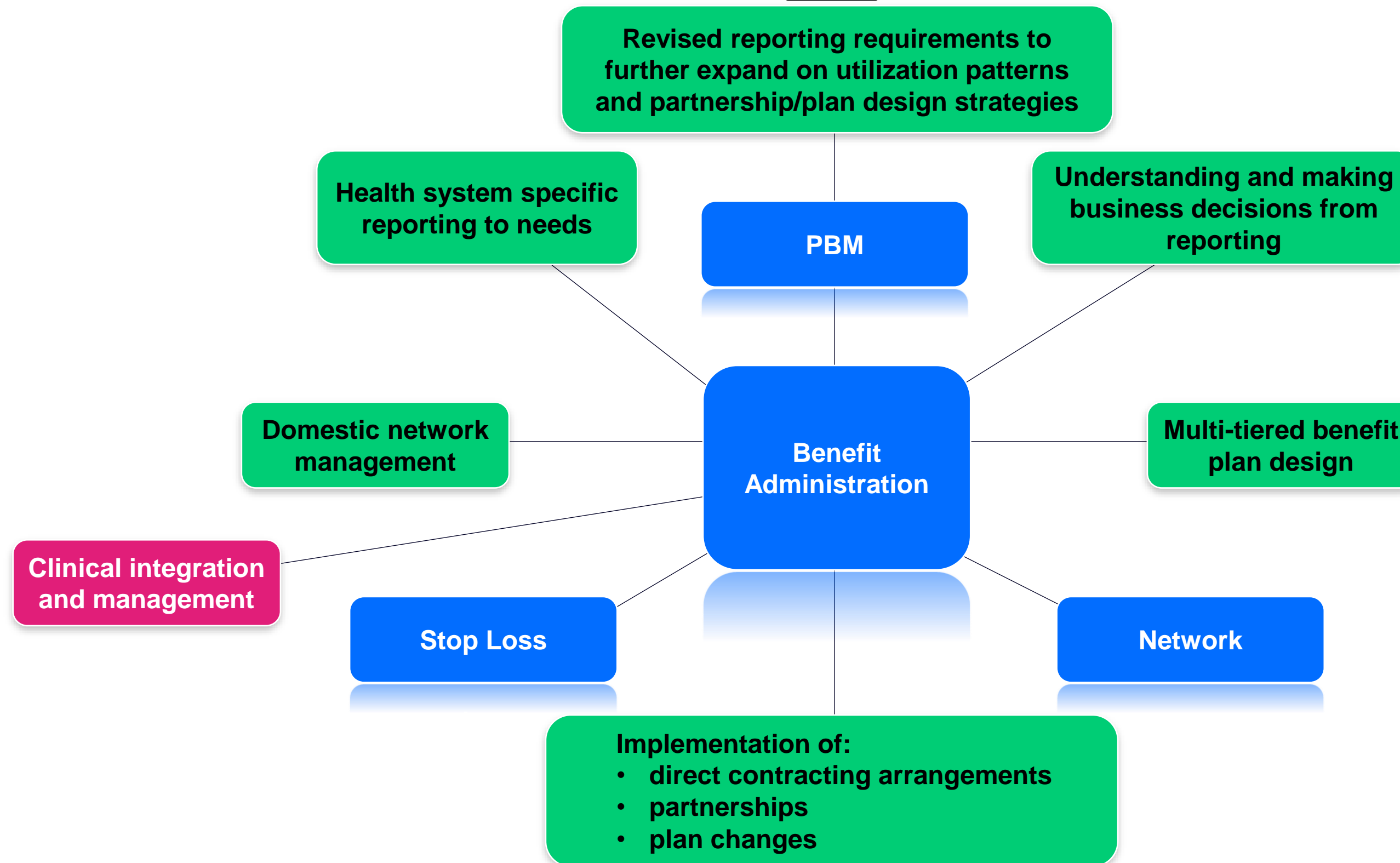


Full or partial ownership of clinical capabilities



Customized pre-authorization lists

# HEALTH SYSTEM ADMINISTRATION REQUIREMENTS



# PHARMACY INTEGRATION

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In house pharmacy integration



Steerage within health system pharmacies



Integration with pharmacy programs

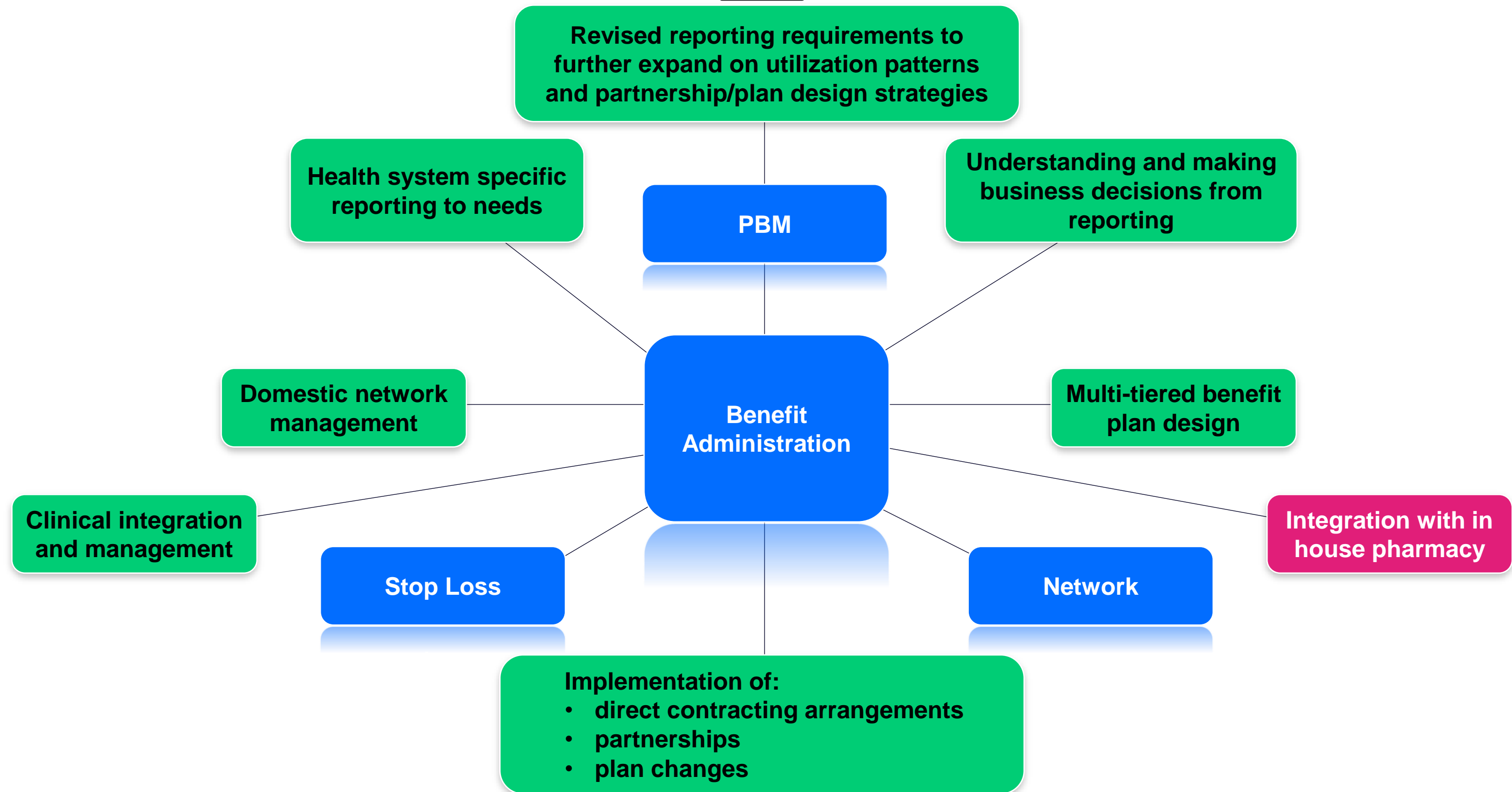


Utilization of 340B programs



Tiered pharmacy benefits

# HEALTH SYSTEM ADMINISTRATION REQUIREMENTS



# HEALTH SYSTEM SPECIFIC PROVIDER PAYMENT

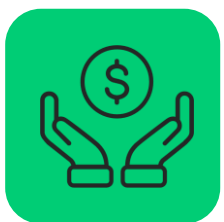
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Cashless payment options

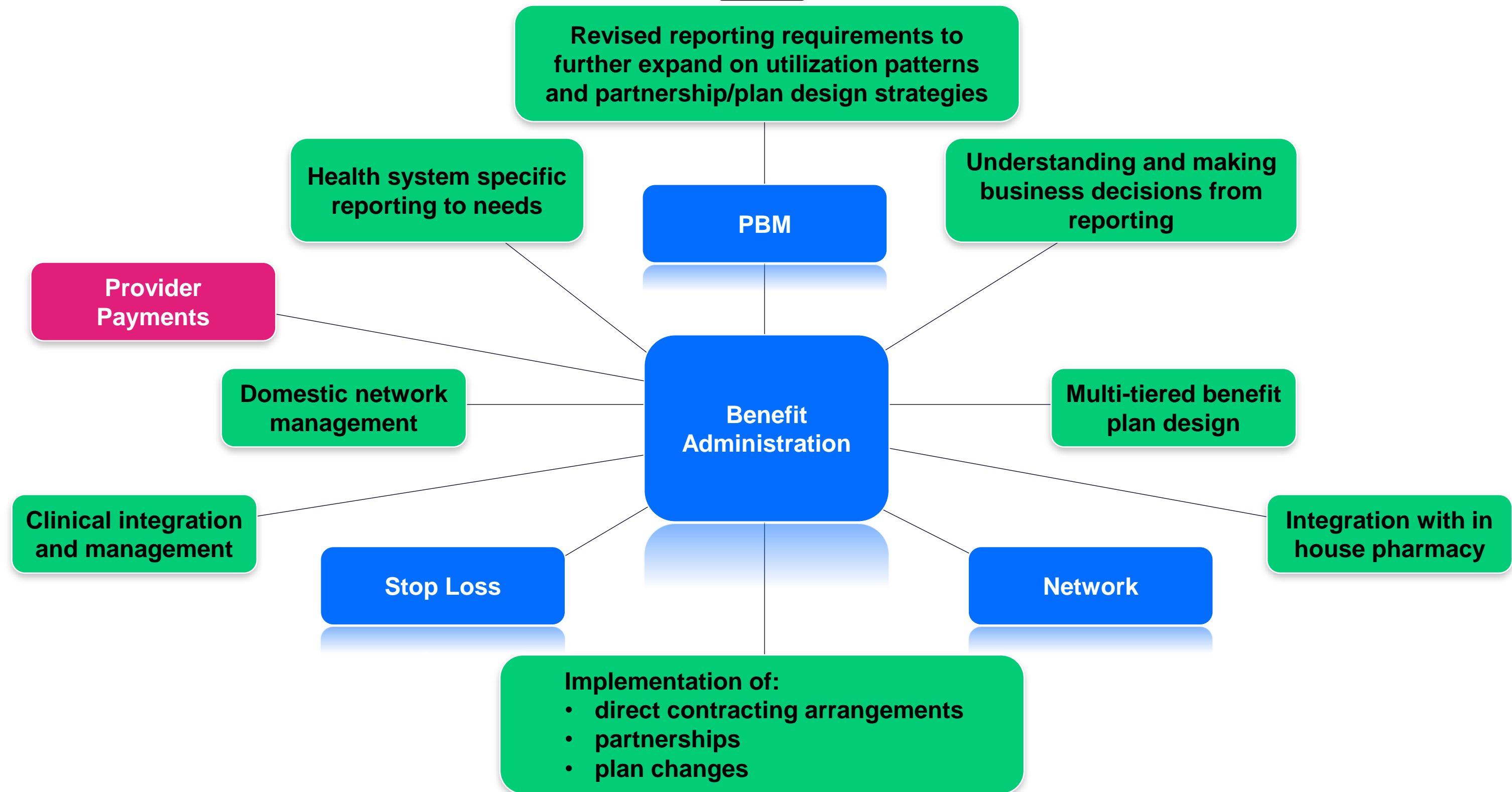


Managing financial requirements of health system



Non-standard claim payment processes

# HEALTH SYSTEM ADMINISTRATION REQUIREMENTS



# SUMMARY

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- Third party administration provides necessary flexibility as compared to traditional carrier models and is uniquely important to health systems. With the nimbleness of TPAs, health systems gain actionable insights to make informed business decisions that can in turn improve domestic utilization and drive revenue to the system.
- Health system network and plan design setups drive overall utilization for health systems
- Data can influence business decisions (partnership strategies or in house service offerings as examples)
- Steering members to in house (domestic) providers and facilities is increasingly more important as health systems look to increase revenue
- Strategies to improve domestic utilization can be better addressed through data and analytics (including but not limited to identifying referral patterns, gaps in services)
- Partnering with a TPA can provide additional resources for collaboration with plan design and network set up that are meaningful and easy to understand for members while also benefiting the health system

## | Carrier Owned TPAs



## | Network Agnostic TPAs

