

## Questions to Ask Your TPA

### TELL ME ABOUT YOUR COMPANY

- 1. Are you a member of TPAAC? If not, why? Have you ever applied? Would you become a member if it was a requirement of my company giving you our business?**

TPAAC members adhere to a code of ethics and have been processed through a compliance audit by KPMG. Members also are required to maintain adequate Errors & Omissions Insurance, Fidelity Bond Coverage and must complete a re-application every year to maintain membership in TPAAC. Dealing with a TPAAC member offers you a certain comfort level that the TPA operates in a professional manner and has a vested interest in servicing your business.
  - 2. How long have you been in the TPA business?**

Time in business does not necessarily demonstrate a company's abilities; however, it may indicate the level of experience possessed by their staff and the development of their procedures and systems.
  - 3. What services do you provide – administration, claims and/or other complimentary services? Do you provide all these services from within your own organization or do you contract them out?**

These questions measure whether the TPA business is a primary aspect of the organization or if done as an aside to their primary function. If it is not an important part of their business they may not put in the resources necessary to keep current either with technology or changes in the Group Insurance market.

Determining whether or not services are provided from within their organization will help you determine where the control over the quality of the work resides. In some instances TPAs will offer most services, but contract with another provider to supply services superior to what they can offer, to meet the expectations of their clients. You should be informed of any outside service provider so you can evaluate them, as well.
  - 4. Why should I choose your company over an insurer or another TPA?**

Some factors in making your decision may include experience, client base, references, cost, and professional approach.
  - 5. Will you provide a written agreement that outlines your services, costs, service standards, privacy, confidentiality, and sets out my responsibilities?**

Your TPA should provide you with a written agreement to ensure it provides the services agreed upon and achieves the standards promised at the agreed cost.
  - 6. Do you have E&O Insurance and/or Fidelity Bond coverage or comparable protection? Are all of your employees covered under these policies?**

E&O Insurance provides protection to you in the event the TPA makes a significant error or omission and generally enables you to recover the cost of the error from the TPA's E&O insurer. E&O insurance is a good business practice. Bond coverage also protects your company from loss due to criminal activity of the TPA's employees. It is important that all employees are covered.
  - 7. Can I have a copy of your privacy statement and policy?**

Federal and/or provincial legislation requires that confidential records held by every company be properly protected. Your TPA handles very confidential information on your employees and must comply with this legislation. You should request a copy of their privacy guidelines, which should name their Privacy Officer.
  - 8. How many clients do you have? How large a block of business do you administer?**

Size does not always indicate the competence of a company, however, their answer to this question can indicate their experience and knowledge of the task.
  - 9. Can I see at least a partial list of your clients including references I can contact? What services do you provide to them and how long have they been your clients?**
  - 10. Can I send an independent auditor into your firm to review my account?**

It is critical that you are able to audit the work done by your TPA to ensure they are handling your money and claims properly. If they will not permit it, then be concerned about their practices.
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## INSURANCE COMPANY RELATIONSHIPS

**1. What insurance companies do you work with and how do you work with them (do you collect premium, pay claims on their behalf)?**

This question will indicate whether insurance companies have approved of the services offered by this TPA and are auditing their procedures. Insurers are required by the Office of the Superintendent of Financial Institutions (OSFI) to audit any third party they use to provide services the insurer would normally provide, and to ensure that they meet the exacting requirements of OSFI.

**2. Do you work directly with them or through another party?**

This is a very important question because if the TPA is outsourcing to another party it is important to determine if this provider is being audited directly by the insurer and to assure that they are meeting the standards OSFI requires.

**3. When did an insurer last audit you directly? What were the results?**

The TPA should be quite prepared to share the results of any audit with you.

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## ADMINISTRATION AND ACCOUNTING

**1. What methods of administration does your organization use? Manual/automated/fax/online?**

You should have them describe the system fully to you to determine if it will meet the needs of your organization.

**2. How often do you update for new / terminated employees and changes?**

Some organizations will update records infrequently, which can expose you to claims either being paid to individuals that should not be covered or not providing coverage to those that should be covered. Ideally this update should occur daily.

**3. When do you run month end? What is the cut off for reflecting changes in the next month's billing?**

Ideally, your billings will be more current if the month end is run closer to the end of the month. However, some companies prefer earlier receipt of invoices and desire an earlier month end. Ask your TPA how and when the billings are prepared and what the cutoff date is.

**4. What methods are available to pay my premium?**

Your TPA should outline the method of premium submission, such as electronic submission.

**5. Do you have toll-free phone and fax lines, and/or email?**

It is important that your employees and yourself have one source to contact and that it does not cost you to do it. If there is no toll-free or email access to the TPA, employees will tend to ask you questions and it will increase your workload.

**6. Do you have adequate staff to deliver the services you promise?**

Ask your TPA to describe the staffing as it relates to the services being offered. Questions such as the number of staff, training of staff and responsibilities of staff will help you determine whether your TPA will be able to deliver the services as promised.

**7. How has your staff been trained? Do you have documented procedures and manuals?**

Ask your TPA to review their training methodology and review internal procedure manuals with you.

You can also ask about the qualifications of the staff assigned to your account to give you an indication of their level of experience. Procedure manuals are important tools to ensure consistent administration is occurring by each TPA employee.

**8. Do you use a call center for employee inquiries?**

How does the TPA answer your employee's questions? Do they have a call center or do their toll-free lines go directly to individuals who are performing the administration services and maintaining records? It is important that your employees receive prompt answers to questions concerning their benefits.

**9. Do you produce booklets and certificates of insurance and/or wallet cards?**

The Superintendents of Insurance guidelines and the Uniform Life Insurance Acts require that a certificate of insurance be given to each employee outlining their coverage. In addition an up-to-date booklet should be provided.

**10. Do the fees you quote include all expenses for administration and claims services or are there other expenses not listed?**

One area that can often be misleading is the cost quoted to provide services. Booklets, amendments, preparation of plan documents, attendance at employee meetings, demographic or claim reports and other items may be charged separately from the administration and claims adjudication expenses quoted.

**11. How are my premium funds protected?**

Funds held by a TPA for an insurer should not be used for any other purpose. The TPA has a fiduciary responsibility to ensure premiums and claims monies are kept separate from the TPA's own operating funds. Usually funds are held in a separate trust account.

**12. How will my self-funded program be funded? What happens to such funds? Are they held in trust? Are excess funds fully refundable to me if my plan with you terminates?**

Ask your TPA to detail exactly how your self-funded program will be funded, including how funds are held, as well as the accounting, auditing, and protection of the funds. You should have an agreement detailing handling, distribution, interest crediting, ownership and audit procedures for the funds.

**13. Are your company records regularly audited? If so, by whom?**

Does the TPA have a financial audit and by whom? How often are these audits performed?.

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## CLAIMS SERVICES

**1. What type of claims do you adjudicate? Do you use your own claims system or an insurer's system? If you do not adjudicate claims, who provides the service on your behalf?**

If the TPA adjudicates claims, it is good to know what claims they adjudicate and how they do it. Do they do it in-house on their own system or do they use someone else's system or use another third party? If they do use another party, is that party properly audited and do they follow the same standards you expect your TPA to follow?

**2. If you pay claims, where were your claim adjudicators trained and how long have they been paying claims?**

To determine the ability of the claim adjudicators ask your TPA to provide a biography of the claims payment team, including years of service and experience. Also a description of the training and supervision of claim adjudicators to ensure that your claims will be handled appropriately by professional staff. Your TPA should have Claim Payment Procedure Manuals to guide employees and to guarantee there are consistent and accurate adjudication practices. Ask your TPA for their claim audit procedures and their percentage of accuracy. Accuracy should be in the 98% range. If the personnel they are using are not properly trained, or do not have the background to properly adjudicate claims, you may pay more out in claims costs and create precedents through incorrect claim payment. Good adjudication cannot be fully automated in all areas.

**3. Do you have access to, and make use of, outside Medical and Dental Consultants in the adjudication of claims?**

The claims your employees make are for services provided by professionals. The adjudicator is trained to process claims in accordance with your contract and standard practices for types of treatment, costs and method of delivery. However, professionals at times will go outside of generally accepted practices for treatment and costing. In those instances it is good to have access to, and the use of, consulting services by professionals who can provide an opinion on whether or not the provider followed their profession's best practices and whether or not the claim should be paid under the terms of the contract. An audit is important to ensure claims accuracy is maintained and that your claims are paid properly.

**4. Are your drug and dental benefits paid through Electronic Data Interchange (EDI) claims submission? Who is your provider? How often do you send eligibility information to your EDI provider?**

The process of electronic claims submission and/or adjudication is dependent on up-to-date eligibility data. The ability of your TPA to provide that eligibility data to the claim payor dictates the accuracy of your claim payments. If it is done less frequently than daily, you run the risk of terminated employees having access to your benefit plan beyond their termination date or new employees not having access until sometime after their eligibility date. Electronic transfer of data reduces the chance of error.

**5. Do you use positive enrolment?**

Positive enrolment involves maintaining not only the employee information on the eligibility records, but also the eligible dependents. This practice ensures that claims are only paid for eligible family members and not others who may not be eligible.

**6. Do you use EDI for other benefits?**

The use of electronic claim submission and/or adjudication is growing, to include other types of eligible expenses. Ask your TPA about their current and future capabilities in these areas.

**7. What is the turnaround time from the point at which you receive a claim to sending the check/Explanation of Benefits statement?**

EDI claims are instant, however there are still many claims that are paid on a reimbursement basis. Claims turn around is critical for your employee satisfaction. If claims take 2 to 3 weeks to be adjudicated, then employee confidence in your plan can be eroded.

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To learn more about TPAAC and the advantages of membership, please contact us at 1-855-55TPAAC or email [info@TPAAC.ca](mailto:info@TPAAC.ca).  
For more information, please visit [www.tpaac.ca](http://www.tpaac.ca)