# An Overview of Third-Party Administrator (TPA) at a City Based Hospital Dehradun

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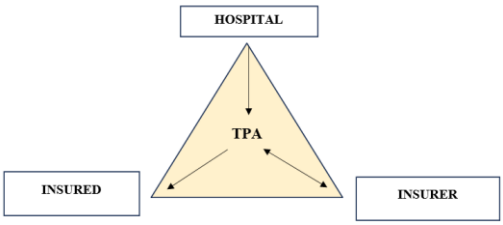
Third-Party Administrator (TPA)

A Third-Party Administrator (TPA) is a licensed intermediary that acts between health insurance policyholders and insurance companies. TPAs can be companies, organizations, or agencies licensed by the Insurance Regulatory and Development Authority of India (IRDAI). Insurance companies may outsource claim settlements to TPAs to streamline the process and reduce the burden of processing claims. A TPA is a company registered with the IRDAI, engaged by an insurer for a fee to provide health services as outlined in the health services agreement.

TPA Triangle–




The TPA triangle illustrates the relationship between the hospital, the insured, and the insurer.

- Insured: The person who holds the insurance policy.
- Insurer: The insurance company.
- Hospital: Where the patient receives treatment.

The TPA acts as a mediator among these three entities, facilitating cashless facilities for patients.

## OBJECTIVES OF THE STUDY

The study aims to:

- Understand the workflow of a TPA.
- Identify the functions of a TPA.
- Comprehend the admission process for TPA patients in hospitals.
- Understand the discharge process for TPA patients in hospitals.
- Identify challenges faced by TPAs.
- Determine reasons for claim denials.

## METHODOLOGY

This study was conducted in the TPA Department at City based Hospital, Dehradun, over a period of three months. Data was collected from two sources.

- Primary sources: Observation was the most commonly used method for primary data collection.
- Secondary sources: Data was collected from existing sources such as websites, journals, articles, office executives, hospital data, patient files, hospital systems, and previous studies.

## REVIEW OF LITERATURE

- Ramesh Bhat, Sunil Kumar Maheshwari, Saha Somen (January 2005) – "Third Party Administrators and Health Insurance in India: Perception of Providers and Policyholders": This study anticipated TPAs playing a crucial role in enhancing services for policyholders in the health insurance market. Key findings included low awareness among policyholders about TPAs, reliance on insurance agents, limited knowledge about empanelled hospitals for cashless services, TPA insistence on standardized fee structures, delays in claim settlements experienced by healthcare providers, a perceived significant burden on hospital administrators post-TPA introduction, and no substantial increase in patient turnover after empanelling with TPAs.
- Indrani Gupta, Abhijit Roy, Mayur Trivedi (January 2004) – "Third Party Administrators: Theory and Practice": This paper explores the role of TPAs and examines factors for evaluating their usefulness and functioning. It highlights that despite their importance in enabling access to insured healthcare, TPAs are not

a panacea for health sector problems and require regulation to protect consumer interests.

- Dr. Ashish Dubey, Prof. Pushpinder Kaur Benipal (October 2015) – "Role of TPAs [Third Party Administrators] in growth of health Insurance in India": This research paper investigates the importance of TPAs in facilitating cashless facilities, quick and easy claim settlements, and timely service provision as per insurer agreements. It also examines how TPAs have smoothed the work of insurers in health insurance and their vital role in expanding and promoting health insurance in India. TPAs contribute by responding to customers promptly, providing health insurance services when needed, organizing cashless treatment in network hospitals, ensuring quick and fair claim settlements, properly handling health insurance claims, and fostering an environment for accessing quality healthcare affordably.
- Peter Lomas (March 2009) – "Third Party Administration in The Provision of In-Patient Health Insurance": This paper emphasizes the need for effective, affordable insurance to enable access to in-patient healthcare for the poor. Challenges include establishing hospital networks, access to generic medication, enrolment administration, quality treatment, fraud control through the claims process, and finding suitable underwriters. Any insurance product needs an administration solution capable of scaling to millions of clients and must address fraud by both healthcare providers and patients.
- Randall P. Ellis and Thomas G. McGuire – "Third Party Administration of Insurance Claims: An Empirical Investigation": This paper examines the role of TPAs in the healthcare industry, focusing on their impact on costs, quality, and efficiency.
- Vikas Mishra and Tapomoy Guha Sarkar – "The Rise of Third-Party Administrators in Health Insurance: The Case of the Indian Market": This paper analyzes the growth and significance of TPAs in the Indian health insurance market, including their functions, challenges, and opportunities.
- Richard D. Phillips – "Third Party Administration of Self-Insurance Funds": This paper discusses the role of TPAs in self-insurance arrangements, examining their functions, benefits, and risks for employers and employees.

Role of TPA

Key roles of third-party administrators in health insurance include:

- Issuance of Health Cards: A TPA is responsible for issuing authorized health cards to policyholders to validate policy issuance. This card contains policy and policyholder details and must be shown at the hospital during hospitalization to intimate a claim.
- Maintenance of Records: TPAs maintain records of crucial information related to the insured during hospitalization, thereby reducing the burden on insurance companies for future references.
- Smooth Settlement of Claims: A major role of a TPA is to expedite claim processing and settlement. For cashless claims, the network hospital coordinates with the TPA for pre-authorization of treatment. The TPA is responsible for cross-checking the sufficiency of submitted documents and may request additional information from the policyholder if needed.
- Arrangement of Value-Added Services: TPAs assist in arranging value-added services such as ambulance services, wellness programs, and referrals to surgeons/specialists. The insured can contact their TPA to avail these services covered under the policy.
- Claim Assistance: Policyholders can contact their TPAs for any claim-related assistance, including claim intimation, document submission, and claim status. TPAs must provide comprehensive customer support and answer policyholders' queries. A person can reach their TPA 24x7 from anywhere in the country.
- Build a Strong Network of Empanelled Hospitals: TPAs help insurance companies build a strong network of empanelled hospitals. They strive to enroll the best hospitals that can quickly arrange cashless services and allow rate negotiation.
- Enlist healthcare providers: TPAs also partner with hospitals to provide more comprehensive coverage to the insured, with selection criteria based on location, infrastructure, and available facilities.
- 24-hour customer support services: TPAs offer 24-hour call center support, providing information on policyholder data, provider

networks, claim status, and benefits to existing cardholders upon request.
- Claims Processing: Managing the entire lifecycle of a claim, from initiation to settlement.
- Policy Management: Handling the issuance, renewal, and termination of policies.
- Benefit Administration: Overseeing programs such as health insurance, retirement plans, and other employee benefits.
- Compliance and Reporting: Ensuring adherence to regulations in policy and benefit administration.

Some Major TPAs
- Med assist
- MD India Healthcare Services [TPA] Ltd.
- Raksha TPA Pvt Ltd.
- Safeway TPA Service
- Md India
- Eastwest Assist Private Ltd.
- Family Health Plan TPA Ltd.
- Good Health TPA Services Ltd.
- Heritage Health TPA Pvt Ltd.
- Vidal Health TPA Pvt Ltd.
- Ericson Insurance TPA Pvt Ltd.
- Bajaj Allianz Life Insurance Co. Ltd.

Documents Required for TPA Admission
Planned Admission
- Patient's ID proof (Aadhaar card & PAN card)
- Policyholder's ID proof (Aadhaar card & PAN card)
- Policy paper/Policy card
- Doctor's Prescription
- Previous medical history
- Related investigation reports (X-ray, CT scan, USG, etc.)
- Copy of Estimate

Unplanned or Emergency Admission
- Patient's ID proof (Aadhaar card & PAN card)
- Policyholder's ID proof (Aadhaar card & PAN card)
- Policy paper/Policy card
- Doctor's Prescription
- Previous medical history
- Related investigation reports (X-ray, CT scan, USG, etc.)
- Emergency assessment/notes
- Copy of Estimate
- MLC (In case of accidental case)
- Declaration written by patient party

Workflow of TPA
The TPA procedure generally follows these steps:
1. Doctor advises admission: When a patient visits a doctor for various diseases, the doctor advises admission if required.
2. Patient comes to TPA: Patients with insurance visit the hospital's TPA desk, providing details about their disease, admission type (planned or emergency), TPA name, and other relevant information.
3. Required Document Collection: The TPA collects necessary documents for cashless treatment.
    - For Planned Admission: Patient's and policyholder's ID proofs (Aadhaar, PAN), policy paper/card, doctor's prescription, previous medical history, relevant investigation reports (X-ray, CT scan, USG, etc.), and a copy of the estimate. After submission, the patient signs a declaration form (specific to each TPA company) stating their name, contact, and acknowledging liability for uncovered amounts in case of deductions or denials. For example, a patient with gallbladder stone needs to submit USG reports, and a patient with heart disease needs to submit ECG and Echo reports.
    - For Emergency Admission: Patient's and policyholder's ID proofs (Aadhaar, PAN), policy paper/card, doctor's prescription, previous medical history, relevant investigation reports (X-ray, CT scan, USG, etc.), copy of estimate, MLC (for accidental cases), and a self-declaration from the patient party. The self-declaration for accidents must include where, when (date & time), and how the accident occurred, whether the patient consumed alcohol, and if they visited any other hospital prior.
4. Doctor fills pre-authorization forms: After collecting documents, the hospital sends a form to the treating doctor to clarify the disease and

confirm the need for hospitalization. The doctor fills the form, specifies the exact disease, and approves admission with their signature and stamp, enabling the TPA staff to proceed.

5. Hospital sends pre-authorization to company: TPA staff at the hospital fill in policy number, TPA ID, patient's date of birth, apply hospital stamps on the pre-authorization form and estimate copy, and then submit the pre-authorization to the TPA company.
6. Company sends initial approval or query: The company sends initial approval if all pre-authorization details are correct. If any details or documents are incorrect, or questions arise regarding the disease or admission (e.g., unclear Aadhaar card or unclear need for hospitalization), they raise a query.
7. Hospital replies to query: The hospital responds to the query.
8. Company sends final approval or denial: After the query is answered, the company sends the final approval or denial.
9. Patient pays remaining amount and is discharged: If there are uncovered amounts, the patient pays the difference, or opts for reimbursement, or pays the total amount and is discharged.
10. Hospital sends final bill at discharge: The hospital sends the final bill at the time of discharge.

Admission Process for TPA Patients

TPA patients can be admitted through planned or unplanned (emergency) admissions.

Planned Admission

Planned admission refers to the admission of an insured person for treatment that is not an emergency. Patients need to obtain prior approval from their respective TPA before admission and should contact the hospital's TPA helpdesk to complete necessary formalities to ensure approval before hospitalization.

Process for Planned Admission

1. Patient comes to the TPA desk: Patients should visit the TPA desk 2-4 days before hospitalization.
2. Pre-authorization Request: The hospital sends treatment details, including patient's insurance information, medical reports, doctor's recommendations, and estimated costs, to the TPA.
3. Review by TPA: The TPA reviews the request and documents.
4. Approval/Denial: The TPA approves or denies the request.
5. Decision Communication: The TPA informs the hospital and patient of the decision after receiving any reply or reconsideration from the hospital.
6. Hospital Admission: The patient is admitted using the TPA's authorization.
7. Post-treatment Billing: The hospital sends the final bill and discharge summary to the TPA.
8. Claim Settlement: The TPA pays the hospital; the patient settles any uncovered expenses or pays the total amount if the TPA denies their claim. This process ensures that necessary treatments are covered and coordinated efficiently among the patient, hospital, and TPA.

Unplanned Admission

Urgent (unplanned) admission to a hospital involves a sudden health issue requiring an emergency department visit or ambulance call. Upon arrival at a public hospital, patients are asked if they prefer to be a public or private patient. If the condition is unexpected and urgent treatment is needed, admission occurs through the emergency department via a process known as 'triage'.

Process for Unplanned Admission

1. Notify TPA: The TPA should be informed about the emergency admission as soon as possible.
2. Reach to the TPA desk of Hospital: The patient party needs to go to the hospital's TPA desk for further procedures.
3. Collection of Document: All relevant documents (ID, insurance info, initial medical assessment) should be submitted to the TPA desk, along with a written declaration about the incident (in case of accident or legal cases) and MLC or FIR if available.
4. Communicate with TPA: Regularly update the TPA on the patient’s condition and treatment.
5. Approval/Denial: The TPA reviews the request and documents, then approves or denies it.
6. Prepare Billing: All services should be accurately documented, and bills prepared for TPA submission.

7. Discuss Costs: Inform the patient/family about any out-of-pocket expenses.
8. Discharge: Coordinate with the TPA for any post-discharge needs and finalize discharge paperwork. Consumable amounts, differences in bed charges, or any other payables as per policy terms and conditions must be settled by the patient at the time of discharge.

In Case of Admission to a Network Hospital

- The hospital will admit the patient according to its procedures.
- The hospital will then contact the TPA and send a request for authorization.
- The TPA will respond within 6 hours of receiving the request.
- In case of approval, the amount will be paid to the hospital by the TPA.
- If cashless access is declined, the policyholder can claim for reimbursement, and the TPA will settle the claim as per policy terms and conditions.

In Case of Admission to a Non-Network Hospital

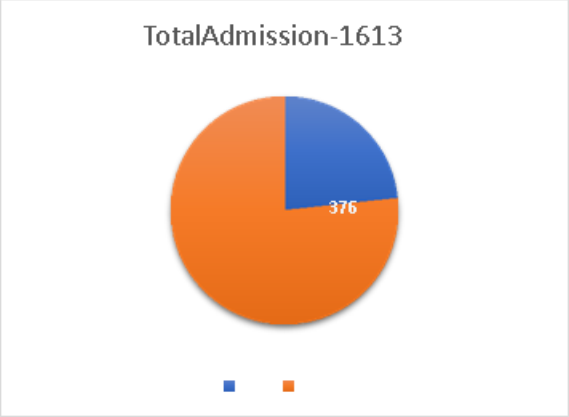
- For hospitalization in any non-network hospital, it is essential to intimate about the hospitalization well in advance for planned admissions or within 24 hours of admission for emergencies.
- Obtain all original documents at the time of discharge from the hospital.
- Submit the hospitalization claim to the TPA within 15 days from the date of discharge.
- The TPA processes the claims.
- In case of approval, the amount will be reimbursed through NEFT.
- In case of a query/denial, the same will be intimated to the policyholder via mail/letter.

% of Admission Done Through TPA

Based on collected information and three months of observation at City based Hospital, Dehradun, approximately 23% of patients are admitted through TPA every month.

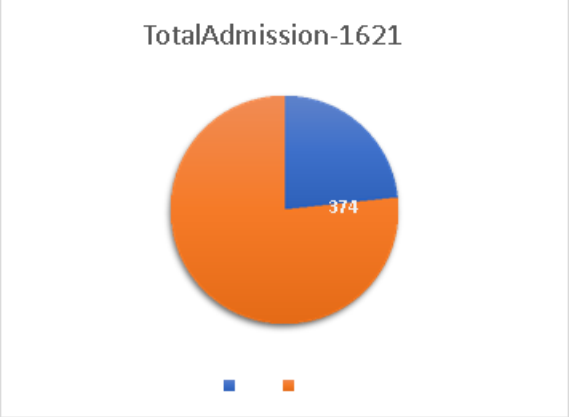
(From15January2024 to 16 February2024)

- Out of 1613 total admissions, 376 patients (23%) were admitted through TPA. The remaining 1237 admissions were through other categories including Corporate, cash, and PSU. Corporate refers to patients working for a company who receive discounts as per their company's terms (e.g., ONGC, THDC). Cash patients pay the hospitalization amount entirely by cash. PSU (Public Sector Unit) patients are under ECHS and CGHS, with their hospitalization costs paid by the government.



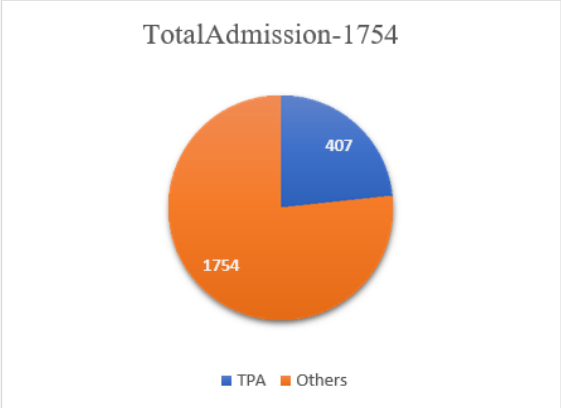

(From 17 February 2024 to 18 March 2024)

Out of 1621 total admissions, 374 patients (23%) were admitted through TPA. The remaining 1247 admissions were through other categories.



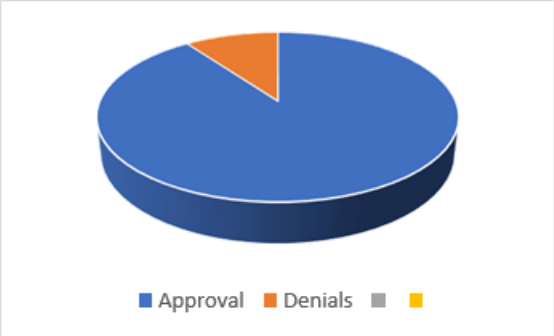

(From 19 March 2024 to 16 April 2024)

Out of 1754 total admissions, 407 patients (approximately 23%) were admitted through TPA. The remaining 1347 admissions were through other categories.




% OF APPROVAL & DENIALS

TPAs generally approve most claims if there is a genuine reason. Based on observation and collected information, TPAs approve almost 90% of total requests and deny 10%




Discharge and Billing of TPA

Upon patient discharge, a claim form is signed by the patient, and along with the bill, original papers are sent to the TPA for processing. The papers sent at the time of discharge include:

- A covering letter detailing the patient and the claimed amount.
- A copy of the authorization letter.
- A copy of the first admission report.
- The original signed claim form.
- A breakdown of the hospital bill on hospital letterhead.
- The original patient bill.
- Vouchers for medicine, consumables, and investigations, as shown in the breakup bill.
- The original inpatient file, containing the discharge summary, procedure report, and reports for which the amount is claimed (e.g., blood reports, X-ray plates and reports).
- Any tests done outside the hospital during the patient's stay are also included separately in the bill, with corresponding bills and reports attached. Payment for these is received at least one month after the claim, as per the agreement.

Process of Discharge of TPA Patient

1. The consultant approves the patient's discharge.
2. The patient party informs the TPA about the discharge.
3. Nursing staff inform the medical officer, ward secretary, and pharmacist about patient discharge.
4. The medical officer writes the patient's discharge summary, and one copy is sent to the TPA desk for claim settlement.
5. The patient must clear all pharmacy and nursing bills.
6. After receiving clearance from all departments, a final bill is prepared for the patient, and one copy is sent to the TPA desk.
7. The TPA desk sends the final bill and discharge summary to the TPA company for final bill approval, which takes a minimum of 1 hour.
8. After final approval is received from the TPA, one copy of the approval letter is submitted to the billing department, and bill settlement is completed.
9. The patient collects all documents and leaves the hospital.

Benefits of TPA

Key benefits of third-party administrators in health insurance include:

- Ensuring smooth hospitalization for the insured.
- Facilitating efficient settlement of cashless claims.
- Assisting in submitting the correct claim documents.
- Improving claim service quality.
- Availability for customer assistance 24x7.
- Not charging for services offered.
- Helping to efficiently process a large number of health claims.

Challenges Faced by TPA Patients

Potential disadvantages of TPAs in health insurance include additional costs for policyholders due to TPA service fees. Issues with the quality of service

provided by the TPA can also impact the claims process. Common challenges faced by TPA patients include:

- Understanding Coverage: Patients often struggle to understand the extent of their coverage, including services included, co-pays, deductibles, and limitations.
- Billing Complexity: Dealing with complex billing processes, such as deciphering medical bills, coordinating payments between providers and the TPA, and resolving billing errors, can be problematic.
- Timely Reimbursements: Patients may experience delays in receiving reimbursements for out-of-pocket expenses, leading to financial strain and frustration.
- Network Limitations: Limited access to healthcare providers within the TPA's network can restrict patients' choices, especially if specialized care or specific providers are preferred.
- Quality of Care Concerns: Patients may worry about the quality of care provided within the TPA's network and whether it meets their healthcare needs and standards.
- Communication Challenges: Effective communication with the TPA can be challenging when clarifying coverage details, resolving billing issues, or seeking assistance with healthcare options.
- Unnecessary Denials: In some cases, the insurance company denies claims, causing trouble for the patient.

Why Denial Occurs?

There are multiple instances when a health insurance provider can deny a cashless claim. Some common reasons include:

- Incorrect or Incomplete Documents Sent to the TPA: This is the most common reason for denial. For cashless claim settlement, the network hospital must send a pre-authorization request to the insurer, along with the insured's medical documents, including test reports and doctor’s prescriptions. If these documents are incorrect or missing, the cashless claim request will be denied.
- Disease Not Covered Under the Health Policy: The insurance company is only liable to pay for medical bills related to diseases or conditions covered by the Mediclaim policy. If treatment is for a non-covered disease, the insurer will reject the cashless claim request.
- Suicidal Case: TPAs generally do not cover treatment in suicidal cases, as it is a legal matter and may conflict with their terms and conditions.
- Treatment Taken at a Non-Network Hospital: The insurance company will deny a cashless claim if the patient is admitted to a hospital outside its network, as cashless facilities are only available at network hospitals.
- Patient Has an Alcohol History: In accidental admission cases, if the patient consumed alcohol at the time of the accident, the insurance company may not cover the treatment and reject the claim.
- Patient Has a Pre-existing Disease: This is a common reason for denials, especially when patients do not disclose or hide pre-existing diseases that are later revealed by investigation reports.

## RECOMMENDATION

To improve TPA services:

- TPAs must be transparent about policies.
- The time period for bill settlement should be decreased.
- TPAs should enhance data security measures.
- TPAs should improve customer services by assisting them timely.
- TPAs must handle their empanelled hospitals with utmost efficiency and professionalism.
- TPAs must formulate all rules and regulations with great care.
- TPAs must keep the urgency of the patient in mind.
- TPAs should work on decreasing denials

## CONCLUSION

The Indian insurance industry has undergone significant changes with the emergence of private participation. Health insurance serves as a mechanism to finance people's healthcare needs. To address rising healthcare costs, the health insurance industry has evolved to offer new dimensions of services to policyholders. The basic function of TPAs is to act as

an intermediary between the insurer and the insured, facilitating cashless services during hospitalization. The role of Third-Party Administrators (TPAs) is increasingly crucial in insurance and employee benefits management. This project has examined the multifaceted functions of TPAs and the value they provide to insurance carriers and employers.

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