

THIRD PARTY ADMINISTRATORS(TPAs)



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MEANING:

- A third-party administrator is a company that provides operational services such as claims processing and employee benefits management under contract to another company. Insurance companies and self-insured companies often outsource their claims processing to third parties. Thus, such companies are often called third-party claims administrators.
- In simple Third party Administrator is an intermediary company between an insured and insurer. It provides a supporting role to the insurer in terms of claims and settlement of claims. It obtains a license from IRDA in order to carryout its activities in the insurance industry.



FUNCTIONS OF TPAs

The chief functions of TPAs are given below:

- Processing of claims and settlement
- Utilization review
- Information about the services
- Issuing ID cards to the policy holders
- Cashless processing
- Submission of documents to insurer




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- Other services:
 - a. Provision of ambulance services
 - b. Specialized consultation services
 - c. Information about the availability of beds in different hospitals
 - d. 24 hours toll- free helpline
 - e. Life style management
 - f. Supply of medicines
 - g. Health facilities




NEED FOR TPAs:

In the modern competitive business era, the services of TPAs is more essential to all stakeholders in insurance related activities. The need for TPAs can be well understand from the following :

- Quality services to insured's and insurers.
 - Improved standardized services
 - Introducing new management system in insurance services
 - Greater penetration of health insurance services
 - Minimising administration costs of insurers
 - Developing protocols to streamline investigation & avoid unnecessary delays in insurance claim settlement
 - Investigation to determine lower insurance premium
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CHALLENGES BEFORE TPAs

According to some experts there are several challenges for the effective functioning of TPAs.

- Information asymmetry.
 - Weak networking of hospital services.
 - Delay in issuing identity cards to the insured.
 - Lack of standardization procedures in billing by hospitals.
 - Low claim ratio for individual insurance and high claim ratio for corporate insurance.
 - IRDA has no put strict regulations to effectively appraise the performance of TPAs.
 - Low awareness about TPAs among policy holders.
 - Policy holders dependence on insurance agents rather than TPAs for their insurance advice and claim settlements.
 - Failure by most hospitals to prove that TPAs are responsible for improvement in effective delivery of services.
 - Inadequate knowledge about the provisions and benefits of TPAs amongst policy holders.
 - Insured do not have adequate knowledge about empanelled hospitals for cashless services.
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THANK YOU

