



# Why your TPA is Dying and What to Do About it

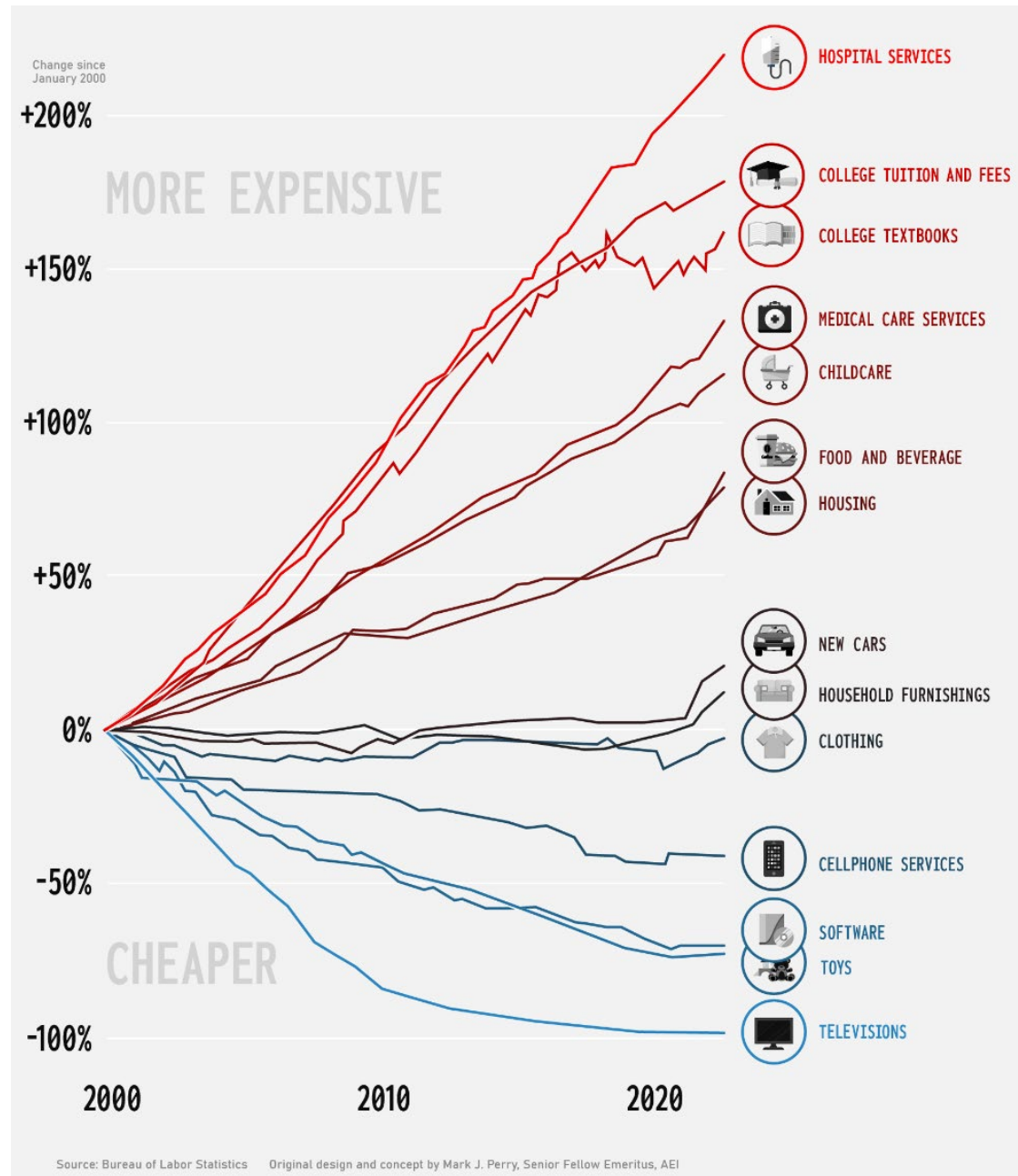
Ryan Newville – *VP of Tech & Risk Analysis*  
Jacob Fast – *Director of Business Development*

# Overview

- Incentives
- Complexities
- Cost
- Solutions

# Misaligned Incentives

# Complexities



Source: Bureau of Labor Statistics Original design and concept by Mark J. Perry, Senior Fellow Emeritus, AEI



# Cost

# Cost of healthcare for family of four

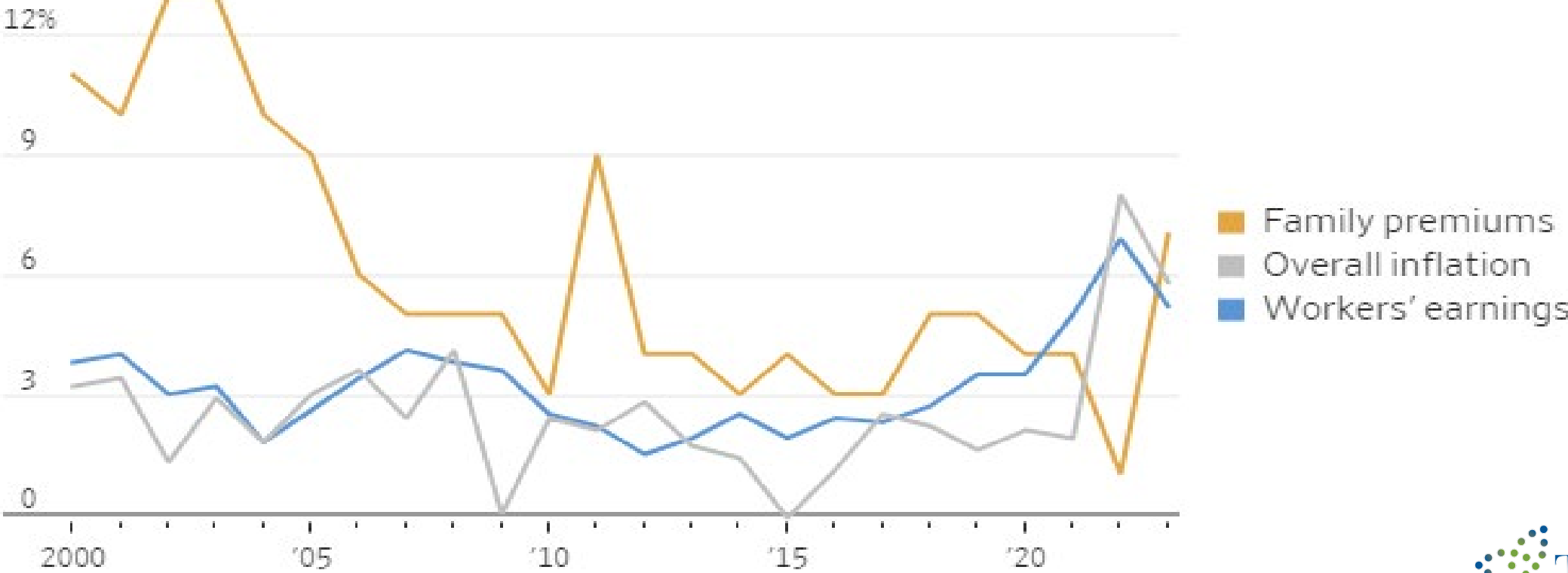
Figure 1: Annual healthcare cost for MMI family of four<sup>2</sup>



<https://www.milliman.com/en/insight/2023-milliman-medical-index>

# Inflation

Average annual change

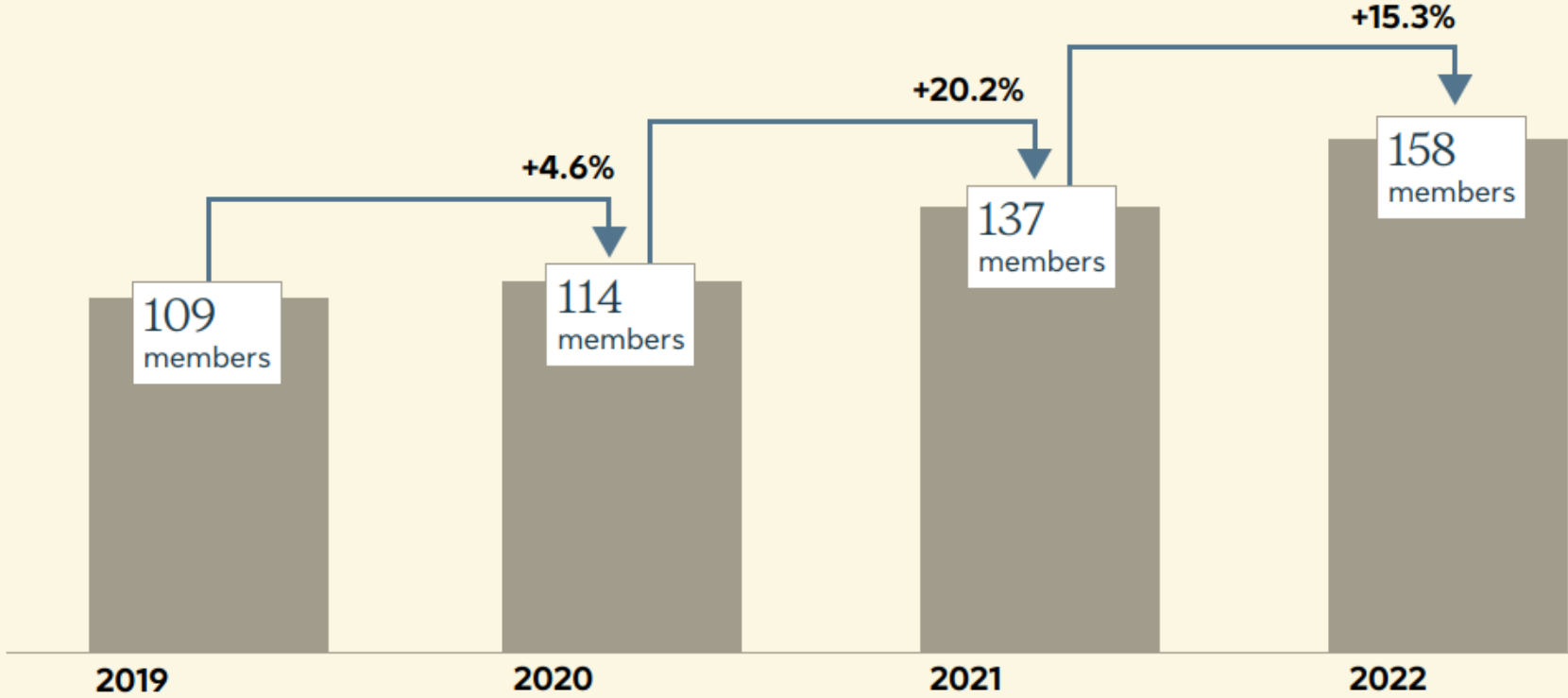


<https://www.wsj.com/health/healthcare/health-inflations-big-hike-this-year-in-charts-2d278f69>



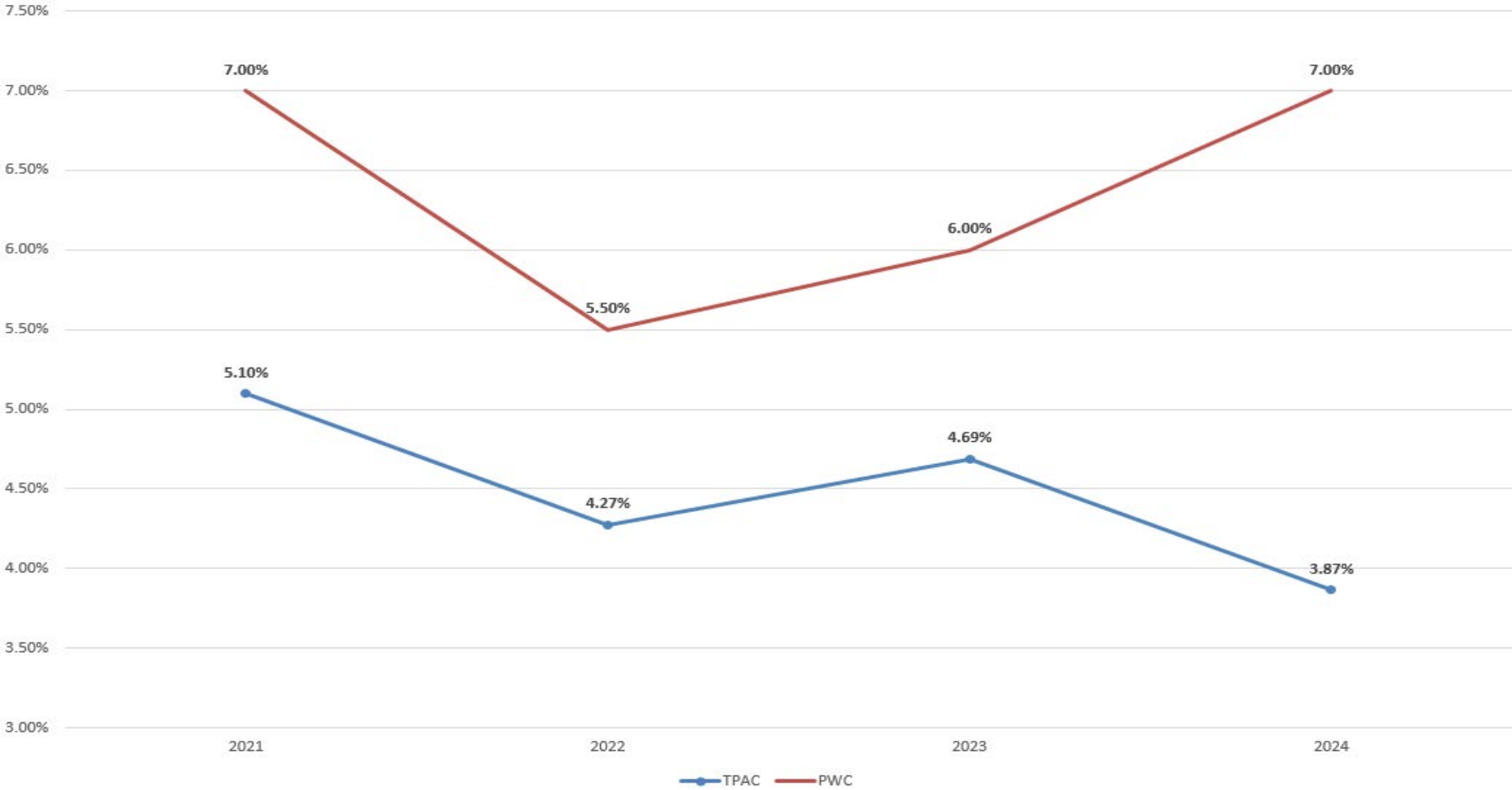
# Million-dollar claims

Total million-dollar claims by year (per million covered employees)



Source: Sun Life 2023 High-cost claims and injectable drug trends analysis

# Total Trend



<https://www.pwc.com/us/en/industries/health-industries/library/behind-the-numbers.html>

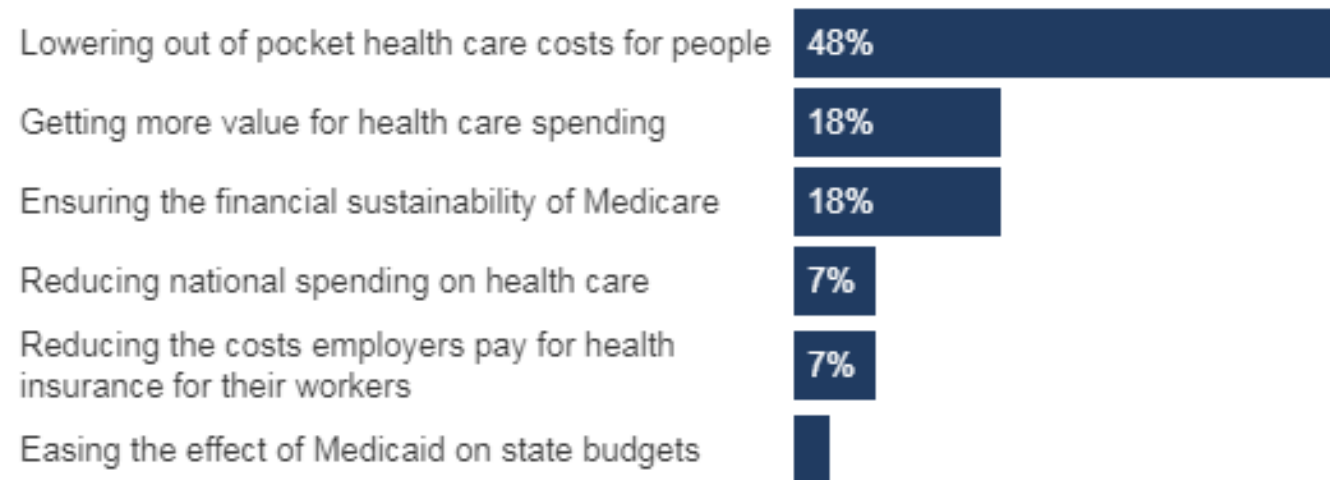
# KFF Poll – March 2024

- About half of U.S. adults say it is difficult to afford health care costs, and one in four say they or a family member in their household had problems paying for health care in the past 12 months.
- ¼ of adults have skipped or postponed care in the last 12 months because of cost.
- 60% of adults went without care due to cost at some time.
- 21% of adults have not filled prescriptions due to cost.
- 48% of insured adults worry about affording monthly premium.
- 46% of adults rate their insurance as fair or poor in respect to monthly premium and OOP.
- 41% report debt due to medical or dental bills.
- 74% are worried about affording medical costs.

# Get Out of My Pocket

## Most Voters Say Out Of Pocket Costs Are Top Health Priority

Which of the following health care priorities do you think is most important for the country to address?



NOTE: Among registered voters. See topline for full question wording.

SOURCE: KFF Health Tracking Poll (Jan. 30-Feb. 7, 2024) • [Get the data](#) • PNG

<https://www.kff.org/other/perspective/why-affordability-is-the-big-tent/>

**KFF**



# Bankrupt!

- An estimated 100 million Americans have medical debts. Their bills make up about half of all outstanding debt in the country.
- 66.5% of all bankruptcies are related to healthcare issues
- 75% of those families had health insurance
- 264,000 families with health insurance file bankruptcy each year due to healthcare costs
- Not only bankrupt, no care
  - Minnesota non-profit system rejects patients with more than \$4,500 in debt.

Your Product is .... Terrible

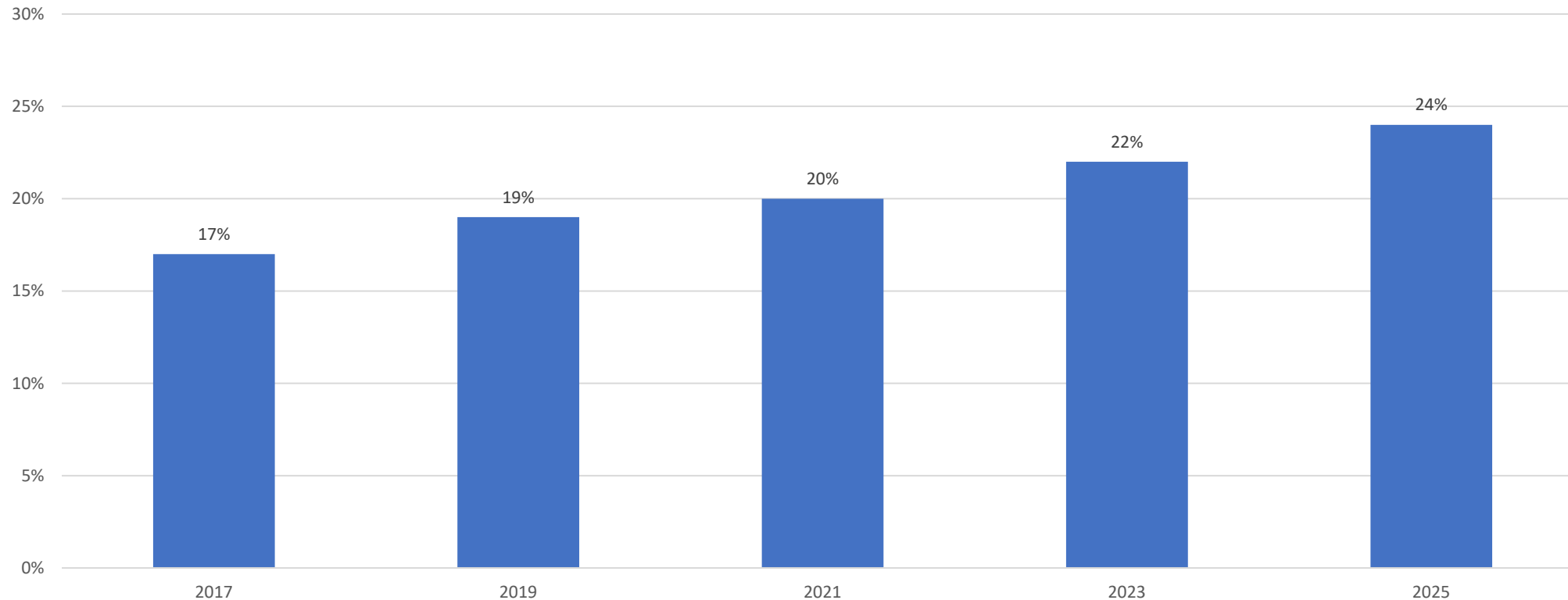


# What to Do About it

- Become Missional
- Measure what matters
- Engage “FPAs”
- Communicate cost containment approach
- Demonstrate financial prowess
- Simplify

# BUCA Discounts

Difference between BUCA discounts and Other Networks





# What to Do About it

## Reference Based Pricing

- BUCA pays an average of 177% of Medicare nationally
- BUCA pays 185% of Medicare in TX
- Claim cost is 35% less than network business on TPAC block
- There are products that remove the balance bill liability
- Transparency files will increase pressure to accept
- Case law is building in favor of RBP.
  - Colorado Supreme Court May 16, 2022
    - If patients don't get a price at the time of service, the Court said, the law says the price should be "reasonable."
- TPAC Plan



# What to Do About it

- Investment in technology
- Data
- Direct contracting
- Captives & consortiums
- Risk sharing
- Not waiting for the big renewal
- 1% change



Thank you!

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