Medical Claim Audits Can Help Find Hidden Charges

Self-funded health plans offered by corporations and organizations rely on third-party administrators (TPAs) to process claims. Over time, the scope of TPA responsibilities has expanded as internal departments have been reduced and streamlined. Consequently, self-funded plans require more frequent **medical claim auditing** and ongoing oversight to identify issues and errors, ensuring TPAs fulfill their duties properly. Miscommunications between internal managers and TPAs about service fees are also frequent and can be identified through audits and monitoring.

Fortunately, comprehensive claims auditing is a proven method for delivering objective, independent evaluations of TPA performance—including undisclosed fees and areas where claims administration may falter. Regular audits and monitoring often reveal costly mistakes, and correcting them can yield substantial savings. While TPAs may offer promises and guarantees, only audits and monitoring can verify fulfillment. Auditors using advanced techniques and software are adept at uncovering every detail in the complex industry. Their experience and proprietary systems add significant value to the process.

One often-overlooked opportunity for savings lies in the fees TPAs charge for their services, which often exceed initial budgets. The language in plan documents and TPA agreements is often intricate, providing many ways for hidden fees to be included. Common examples are added costs for subrogation, recovering overpayments, and negotiating out-of-network claims. These extra charges can add up significantly over time. By regularly auditing and monitoring, plans can better manage and control these costs. Well-managed plans run audits regularly or continuously monitor claim payments.

TPAs often subcontract subrogation and overpayment recovery to outside vendors who charge substantial commissions—sometimes as high as 10 to 30 percent. When a plan incurs overpayments and must pay a commission to recover them, the cost of correcting errors rises. Auditors and ongoing monitoring are essential for identifying and flagging these expenses so they don’t slip by unnoticed. Any leakage of plan funds due to extra costs impacts the company and its beneficiaries. While many TPAs perform well, reviewing their work is always necessary.