SELF-INSURANCE INSTITUTE OF AMERICA, INC.

EMPLOYEE BENEFITS

THIRD PARTY ADMINISTRATOR

(TPA)

APPOINTMENT QUESTIONNAIRE

Endorsed as an Industry Standard Form for Assistance in the Evaluation of Third Party Administration Companies (TPAs) by Stop-loss (Excess) Insurers and Managing General Underwriters (MGUs).

Protecting and Promoting Self-Insurance and Alternative Risk Transfer since 1981

To the user of the application/questionnaire:

As the self-insurance industry continues to expand, a degree of standardization is important to the level of professionalism of our industry. Over the years, a variety of forms and applications have been developed by various interest groups to assist in the evaluation of third party administrators by insurers and underwriting managers. As a result, there has been little conformity of information supplied, resulting in the use of a multiplicity of forms which has added unnecessary cost to doing business. This form, SIIA-06-01-TPA/AQ has been approved by the Self-Insurance Institute of America, Inc. (SIIA) as an acceptable industry standard form.

Please note – This questionnaire has been developed solely for the purpose of aiding the user and receiver of data to help establish a certain level of standardization for evaluation purposes. SIIA assumes no responsibility to any party regarding the completeness of questions asked, or any use of the information provided. Evaluation of who to do business with is left to the sole direction of the parties involved.

Comments and suggestions may be sent to:

SIIA
P.O. Box 1237
Simpsonville, SC 29681

EMPLOYEE BENEFITS THIRD PARTY ADMINISTRATOR APPOINTMENT QUESTIONNAIRE

Information provided on this form is to be held in confidence by the recipient.
Due to spacing constrictions, you will likely need to attach additional sheets.

PART I - Entity, Location, Ownership, Affiliation

1. Name of Entity: _____

2. Street Address: _____

   City: _____ State: _____ Zip: _____

   Mailing Address _____

   City: _____ State: _____ Zip: _____

   Phone: _____ Fax: _____

   Web Site: _____

   E-mail: _____

3. T.I.N. #: _____
   Type of Business: ❑ Corporation ❑ Partnership ❑ Sole Proprietor ❑ LLC

4. List of Officers: *Attach additional list if necessary. Submit resumes of Officers, Directors and Owners*

   President: _____ Secretary: _____

   Vice Pres: _____ Treasurer: _____

   Other Officers: _____

   _____

5. Please list other companies with whom you have financial interest greater than 10% (i.e. Insurance companies, PPOs, HMOs, MGUs, Brokerage operations, etc.)
   _____

   _____

6. In the last five years, has your business entity ever been involved in a merger greater than 10%?
   ❑ Yes ❑ No
   If yes, please describe: _____

7. In the last five years, has your business entity ever had a change in ownership of greater than 51%?
   ❑ Yes ❑ No

If yes, please describe: _____

8. Has your business entity had a change of name, and/or used a dba or is it operating under an assumed name? ❑ Yes ❑ No

   If yes, previous names were: _____

9. Branch Offices:

   Name of Contact: _____

   Address: _____

   City:_____ State:_____ ZIP:_____

   Phone:_____ Fax:_____

   E-mail: _____

   Name of Contact: _____

   Address: _____

   City:_____ State:_____ ZIP:_____

   Phone:_____ Fax:_____

   E-mail: _____

10. How do you produce business (clients)? *Check all those that apply*

    - ❑ TPA Staff Direct
    - ❑ Independent Brokers/Agents
    - ❑ Other, define:_____

11. If you use independent brokers/agents to produce business, is their compensation for service paid by:
    - ❑ Client?
    - ❑ TPA?
    - ❑ Other? Describe:_____

12. If you compensate brokers/agents or other service providers for business development, how do you disclose to client the amount of compensation paid?

    _____

    _____

    _____

13. When do you disclose fees, compensation, etc., to client? *Check all that apply.*
    - ❑ In the initial proposal
    - ❑ In the service agreement
    - ❑ At time of 5500 filing
    - ❑ Other, explain:_____

14. How many years have you been in business? _____

15. How many clients do you have? _____

16. How many total employee lives are covered by your collective client base? _____

PART II - Systems - Administration and Claims (Hardware and Software)

	Administration	Claims
1. Is your system on-line or manual?	_____	_____
2. Version of the software system	_____	_____
3. Who developed the system?	_____	_____
4. Year it was developed?	_____	_____
5. Is your software leased, timeshared or owned?	_____	_____
6. If owned, year it was purchased.	_____	_____
7. Name of the hardware	_____	_____
8. Is the hardware leased, timeshared or owned?	_____	_____
9. Have you changed/upgraded systems within 12 months?	_____	_____

If yes, please describe:

A. Administration:_____

B. Claims:_____

C. Is conversion complete? ❑ Yes ❑ No

10. Is your system EDI compliant to HIPAA standards? ❑ Yes ❑ No

11. Is your system compliant to HIPAA security standards? ❑ Yes ❑ No

12. Have you modified the standard system in any way? ❑ Yes ❑ No

If yes, please describe_____

_____

PART III - Administrative Services (Financial, Eligibility, and Premium Accounting)

1. Staff: Total number of employees in department:_____

2. Name/Job Title of Key Personnel and Managers Years Experience Years w/Current Employer

   _____ _____ _____

   _____ _____ _____

   _____ _____ _____

   If necessary, list additional names on a separate page and attach. Please attach resumes.

3. May clients have system access in their offices? ❑ Yes ❑ No

   If yes, which administrative functions can clients perform? _____

   _____

4. Can you provide census and premium funding data electronically? ❑ Yes ❑ No

5. Can you accept and send ACH financial transactions? ❑ Yes ❑ No

6. System(s) Security and Audit Procedures:
   A. Describe security of master file (i.e., who can enter new groups, make changes, etc.):

      _____

   B. Describe security of client funds: _____

      _____

   C. Describe record retention program for enrollment cards, billing files, etc.: _____

      _____

   D. Describe your back-up system(s) in the event that the computer master file is destroyed: _____

      _____

7. Does your system calculate individual or group premium for fully insured plans, or calculate levels of funding for self-funded plans? ❑ Yes ❑ No

8. How is eligibility determined for claims adjudication? _____

   _____

   _____

9. Describe procedures for adding, deleting and changing plan participants and their benefits:

_____

_____

10. What is your philosophy in serving a client's interest if the client asks you to accelerate claim payments in the last quarter or month of the plan year-end?_____

_____

11. Do you perform bank account reconciliation's on client accounts? ❑ Yes ❑ No

If no, why not?_____

_____

12. How often do you generate premium billings for insurance coverage?_____

On what days?_____

13. When are premium reminder notices sent?_____

14. For non-payment of excess/stop loss premiums, how are lapse notices sent?_____

_____

15. On what date(s) are premium payments run for insurers and excess insurers?_____

_____

16. Do you remit premiums to carriers on behalf of clients?_____

17. If yes, do you remit gross or net of commissions? _____

_____

18. Do you audit your administration area? ❑ Yes ❑ No

If yes, please describe_____

19. Do you have a disaster recovery plan? ❑ Yes ❑ No

If yes, please describe_____

20. Provide a list of outside vendors contracted with your TPA and the services they perform? (Attach a separate sheet)

PART IV - Claims Administration

1. Staff: Total number of employees in:

   Adjudication: _____

   Support: _____

   Managers: _____

Name/Job Title of Key Personnel and Managers	Years Experience	Years w/Current Employer
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

   If necessary, list additional names on a separate page and attach. Please attach resumes.

2. How long is claim history maintained on-line? _____

3. Has the department been audited by a third party for accuracy/security? ❑ Yes ❑ No
   If yes, how recently? Please give name of audit firm: _____

   _____

   Name the type of audit performed: *Check all that apply, and note date.*

   - ❑ CPA/5500 _____
   - ❑ Carrier/MGU _____
   - ❑ SAS 70 – Type 2 _____
   - ❑ CPA/Performance _____
   - ❑ Independent Claims Audit _____

4. What is the percent of auto adjudication? _____

   A. What percent of claims are received electronically? _____

5. Based on the above definition, what is your average number of claims received daily: _____

6. What is your payment accuracy objective?
   A. Procedural: Number of claims paid: _____

   B. Financial: Dollar amount paid without error: _____

7. What procedures do you have in place for identifying and reporting potentially large claims (exceeding 50% of the specific deductible trigger diagnosis)?

_____

_____

8. What procedures do you have in place to detect and enforce reimbursement for subrogation, COB or workers' compensation?_____

_____

9. What was your payment accuracy performance during the last twelve months?_____

_____

10. Describe the payment authority limitation for the claims staff and describe the criteria for internal audits:_____

_____

11. What is your average turnaround time from date of receipt to date of payment on a clean claim submission?_____

12. What is your source for determining R&C?
    - ❑ Surgical
    - ❑ Medical
    - ❑ Dental

13. If other, please describe:
    Surgical:_____

    Medical:_____

    Dental:_____

14. Is your R&C database on-line? ❑ Yes ❑ No

15. How often is R&C data updated?_____

16. Are the ICD-9 codes captured? ❑ Yes ❑ No

17. Are the CPT codes captured? ❑ Yes ❑ No

18. For what period of time are hard copy claims files retained?_____

19. Are separate bank accounts maintained for each client? ❑ Yes ❑ No

A. What is included in each account?_____

B. Who has disbursement authority?_____

C. Is there a trust established for funded plans? ❑ Yes ❑ No

Describe a "Typical" client fund transaction through your office:_____

_____

_____

20. Do you subcontract any data processing activities? ❑ Yes ❑ No

If yes, please specify_____

_____

21. Do you utilize off-site or home claim processors? ❑ Yes ❑ No

If yes, please explain_____

22. What services do you provide for COBRA administration?_____

_____

_____

23. What compliance services do you provide?_____

_____

_____

24. What other services do you provide? Please list. _____

_____

_____

25. What percentage of claims are audited? _____

A. How often? _____

B. Client specific or aggregated? _____

PART V - Managed Care

1. Please list the PPOs you use for the majority of your cases: _____

2. When there isn't a PPO in place, do you reprice hospital bills? If yes, what vendors do you use and at what claim level? _____

3. Describe any other claim cost management providers and processes you may use (i.e., demand management, hospital bill audits, subrogation, fee negotiation, service, etc.): _____

4. What level of utilization review services are performed? _____

5. Are utilization review services performed in-house or through an outside vendor? _____

6. Describe your procedures for professional medical and dental claims review: _____

7. Describe your procedures for auditing and/or negotiating provider bills: _____

8. Describe your procedures for using large case management (LCM):_____

9. Describe the managed care procedures you are using:_____

10. How are cases identified for possible case management? _____

11. Please list the companies you use for Large Case Management services or describe your internal programs: _____

_____

11 a. Disease Management and Predictive Modeling Service:_____

_____

12. Is there a direct linkage between the UR/pre-cert process and case management? If yes, please explain: _____

_____

PART VI – Carriers (Insurers)

1. Please list the excess/stop loss insurers (carriers) with which you have business:

Carrier Name	# of Cases	# of Lives	Estimated Annual Premium $$

_____

_____

2. Has any carrier terminated their relationship with you in the last 5 years? ❑ Yes ❑ No

If yes, who and why?_____

_____

_____

PART VII - Compliance/Legal/Licensing

1. Describe any previous or pending material lawsuits in the last seven (7) years: _____

_____

_____

_____

_____

2. Have any of the principals in your firm or any of your employees (former or current), ever been indicted or convicted of mishandling/misappropriating any insurance company or client funds?
❑ Yes ❑ No

   If yes, please give details: _____

   _____

   _____

3. Describe your current procedures for handling client or insured complaints and State Insurance Department complaints: _____

   _____

   _____

4. Has the company (TPA) or its principals ever been adjudged bankrupt? ❑ Yes ❑ No

   If yes, please explain: _____

   _____

5. Have you ever been involved in an audit by the Department of Labor (DOL)? ❑ Yes ❑ No

   If yes, please give details: _____

   _____

6. If your operating jurisdiction(s) requires licensing, are you licensed as a(n):

	List States/License Number
❑ Third Party Administrator	_____
❑ Managing General Agent	_____
❑ Agent	_____
❑ Other, define:	_____
	_____

   Please provide a copy of current license(s) listed above.

7. How are you kept informed of changing legal requirements within your market area? _____

   _____

   How do you inform your clients of these changes? _____

   _____

8. What membership(s) do you hold in professional and trade associations? C*heck all that apply.*

❑ SIIA ❑ SPBA ❑ RIMS ❑ IFEBP ❑ HCAA
❑ NALU ❑ NAHU ❑ LIMRA ❑ Other *(please list)*: _____

PART VIII - Insurance/Bonding

1. Do you carry a TPA errors & omissions policy? ❑ Yes ❑ No

   If yes, who is the carrier?_____

   What is the expiration date of the policy?_____

   What are the limits of coverage for the policy?_____

   What is the deductible? _____

   Is contract a claims made policy? ❑ Yes ❑ No

2. Do you carry a comprehensive general liability policy? ❑ Yes ❑ No

   If yes, who is the carrier?_____

   What is the expiration date of the policy?_____

   What are the limits of coverage for the policy?_____

   What is the deductible? _____

3. Do you carry a professional liability policy for UR (Utilization Review) and/or other services? ❑ Yes ❑ No

   If yes, who is the carrier?_____

   What is the expiration date of the policy?_____

   What are the limits of coverage for the policy?_____

   What is the deductible? _____

4. Do you carry a fidelity bond? ❑ Yes ❑ No

   If yes, who is the carrier?_____

   What is the expiration date of the policy?_____

What are the limits of coverage for the policy?_____

What is the deductible? _____

What are the total annual aggregate funds handled for all clients?_____

5. Do you purchase criminal liability insurance? ❑ Yes ❑ No

   If yes, on which employees? _____

6. Have claims been made against any of the above policies in the past two (2) years?
   ❑ Yes ❑ No

   If yes, please provide details._____

PART IX – Financial

1. Principal banking relationship (to be used as a reference):

   Name of Bank:_____

   Address:_____

   Phone:_____

   Contact:_____Contact Title:_____

PART X - Attachments

1. Please use this checklist and provide the following attachments. If any of these items cannot be provided, please explain: _____

   _____

   _____

   _____

- ❑ Bios of officers, directors, owners and key claims personnel
- ❑ Certificate of Insurance for Errors and Omissions Policy, Professional Liability Policy, and/or Bond now in effect (declaration pages are sufficient)
- ❑ Copy of TPA, MGU, agency, broker and agent license for each applicable state
- ❑ Marketing proposal
- ❑ Marketing brochure
- ❑ Service agreement (sample of standard agreement used)
- ❑ Claim account flowchart/description
- ❑ Samples of administrative service reports for Stop Loss reporting
- ❑ Samples of aggregate claims reports available to insurers and/or reinsurers
- ❑ Sample plan document

****

I certify that the information on this application is accurate to the best of my knowledge and belief. I also understand that routine inquiries, including credit inquiries, may be made of any or all of the individuals and firms noted herein as references.

Signature:_____ Date: _____

Print Name: _____ Title: _____