

How TPAs Optimize Using High-Performance Networks



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Understanding the Shift to Self-Funded Health Plans in the Small to Mid-Size Market

To understand the role of high-performance networks, it's important to first recognize the significant shift underway in the group health market.

What's happening to traditional fully insured businesses? Increasingly, employers are moving away from fully insured models in favor of more innovative approaches like self-funded plans. While this trend has often been supported by anecdotal evidence, recent data provides clear confirmation.

Consider [McKinsey's October 2023 findings](#)¹, which highlight a decline of 2.9 million fully insured members between 2021 and 2023 - a trend projected to accelerate. By 2030, anywhere from four to fourteen million members are expected to transition from fully insured plans to innovative self-funding or risk-pooling alternatives, like captives. This shift represents significant membership and business growth opportunities for stakeholders across the group health ecosystem. These include networks, insurers, TPAs, pharmacy benefit managers (PBMs), and other solutions providers.

At Roundstone, we've seen firsthand how rising healthcare costs disproportionately impact small

to mid-size businesses. For many, unsustainable hikes can jeopardize the survival of businesses, especially in today's inflationary economy.

A TPA built for SMB

At Roundstone, we have been leading the market shift towards innovative funding mechanisms for self-insured employee health plans. However, we cannot do it alone. Self-funding requires an engaged and committed Third Party Administrator (TPA) to manage and administer a group health plan.

Nearly a decade ago, we recognized that traditional TPAs were not prioritizing the needs of small to mid-size businesses, lacking strategic initiatives to deliver exceptional experiences, measurable savings, operational efficiencies, and overall satisfaction. Since a TPA is the face of the health plan to the



employer, overall self-funding experience was lagging which led to unhappy customers – advisors and employers alike.

In response, we launched Bywater - a TPA designed to address these needs and elevate what's possible for small to mid-size organizations so that they can

enjoy the same savings, efficiency, and satisfaction as larger organizations.

Ever since, we've consistently sought to learn, innovate and adapt — listening to the needs of the market and implementing targeted, high-impact improvements to our solutions.

Why does this matter?

A TPA exclusively dedicated to a growing captive offers unparalleled, firsthand insight and thought leadership, and is uniquely positioned to serve a dynamic and expanding market.

Through Roundstone's ownership and in-house management of Bywater we have gained a clear understanding of innovative health plans and the key components essential to delivering cost savings, efficiency, and value.

Defining Innovative Employer Sponsored Health Plans

What defines an innovative plan design? Ask advisors and insurers, and you'll get a range of answers - but a common thread emerges: an innovative plan design seeks to curb skyrocketing costs without compromising the quality of care.

What Employers are Looking for In Health Plans for Businesses

In our two decades of experience, we've seen that employers consistently prioritize the following in their health plans:

- **Affordability:** Stabilized, predictable premium increases, year over year.
- **Tailored Benefits:** Personalized solutions paired with effective cost containment strategies.
- **Strategic Control:** The ability to shape and manage a long-term, holistic benefits strategy.
- **Transparency:** Clear insights into costs and value.
- **Accountability:** Reporting that ensures measurable, meaningful results.

- **Enhanced Member Experience:** Solutions that improve satisfaction and outcomes for employees.
- **Spending Oversight:** Greater control over how healthcare dollars are allocated.
- **Sustainable Savings:** A focus on long-term cost efficiency.

How High-Performance Provider Networks Make Group Captives Even More Competitive

Every health plan is built on three foundational components:

1. **TPAs:** For benefits plan design and claims administration
2. **PBMs:** For managing pharmacy claims
3. **Networks:** For providing access to medical care services through contracts at negotiated discounts between healthcare providers and insurance companies.

The cost of accessing a network, combined with administrative and claim expenses, plays a crucial role in the overall competitiveness of a plan.

Roundstone is always looking for ways to drive cost efficiencies and improve access to healthcare within the “supply chain” of a group health plan — including the provider network. Every TPA, including Bywater, offers specific networks with various network designs, that determine which doctors, health care providers, and hospitals are available to its members.

This is where the network takes center stage.

As you know from your own experience, checking to see if your doctor is covered by your health plan is often a member’s first question. Since it can be both an emotional and financial consideration, TPAs can differentiate themselves by helping employers balance access to quality care with cost savings through their network arrangements.



These include high-performance regional networks, sometimes called narrow networks or centers of excellence. According to [Business Group on Health](#)², high-performance networks are helping employers address rising healthcare costs by finding the highest quality providers and encouraging their workforce to seek services through those providers through various incentives in the plan designs.

These thoughtfully curated networks empower advisors to offer more compelling, cost-effective options to clients facing rising costs, delivering meaningful savings while addressing the unique challenges of the small to midsize market.

Why Create Partnerships with Regional Care Networks

Roundstone’s TPA, Bywater, is building partnerships that align with the evolving needs of employers.

Bywater’s new partnership with Healthcare Highways, announced last month, exemplifies this strategic approach in action. Focused on enhancing employer offerings in Texas, Oklahoma, and Louisiana, this collaboration underscores Bywater’s commitment to designing plans that prioritize efficiency, affordability,

and competitive advantage, all while driving positive outcomes for employees, employers, and their advisors.

As Roundstone and Bywater continue to innovate - whether through network partnerships, optimized plan design, strategic PBM alliances, or proven point solutions - we remain committed to sharing our insights and expertise. These efforts ensure advisors have the tools to design plans that empower their clients to thrive in a challenging market

ABOUT THE AUTHOR

Tuli has an impressive, multi-faceted background in the U.S. healthcare industry from provider, carrier and consultant angles. She is a strategic leader with 26 years of experience in healthcare finance, managed care and employer benefit solution environments. She has held various roles throughout the health industry and is approaching her second year at Roundstone where she leads the firm's network strategy.

Citations

1. Gupta, A., Kapur, A., Boudon, F., Machado-Pereira, M., Mahajan, N., & Patel, P. (2024, October 15). Reimagining US employer health benefits with innovative plan designs. Mckinsey.com. Retrieved November 18, 2024, from <https://www.mckinsey.com/industries/healthcare/our-insights/reimagining-us-employer-health-benefits-with-innovative-plan-designs>
2. <https://www.inc.com/associated-press/heres-why-employers-may-get-more-involved-in-workers-health-care/90989211>