soro

THE SORO FIELD JOURNAL

TPAS · 3 MIN READ

Auditing the TPA, not just the provider

Provider bills are one source of overpayment. How the administrator adjudicated the claim is a second, and it is the one most plans never look at.

Prepared by

The Soro Team

January 2026

Provider bills are one source of overpayment. How the administrator adjudicated the claim is a second, and it is the one most plans never look at.

Most recovery work focuses on the provider's bill, and for good reason. But there is a second layer of error that sits with the third party administrator that processes and pays claims on the plan's behalf. Adjudication errors are a real source of overpayment, and because they happen inside the payment process rather than on the provider's statement, they often go unexamined.

Where adjudication goes wrong

Administrators can and do make mistakes. Common ones include paying duplicate charges for the same service, paying for non-covered services, and paying claims with incorrect procedure codes. Each of these is a payment the plan should not have made, and each is separate from any error the provider introduced. Reviewing only the provider bill misses this entire category.

The scale is not trivial

Overpayment recoveries can represent on the order of one to one and a half percent of all claims processed and paid. That sounds small until it is multiplied across a plan's total annual claims spend, where it becomes a meaningful number. For a plan paying millions of dollars in claims each year, a fraction of a percent is real money that belongs back in the fund.

Timing is a hard constraint

Recovery is subject to time limits. Service agreements commonly restrict how far back claims can be recovered, often to two years or less. When audits are not performed regularly, older claims age out of the recovery window, and the plan simply eats the overpayment. This is why annual review is the standard recommendation rather than an occasional exercise.

This is a fiduciary responsibility

Under ERISA, plan fiduciaries must monitor their service providers and ensure that plan assets are used only to pay covered claims and reasonable administrative costs. Delegating claims processing to an administrator does not delegate away that duty. Checking the administrator's work is part of prudent oversight, not an act of distrust.

Doing it cleanly

Auditing the administrator does not have to be adversarial. Clean adjustment requests that reference the correct adjudication make the reprocessing workflow straightforward on the administrator's side too. The goal is the same for everyone involved: claims paid correctly, and dollars paid in error returned to the plan.

References

1. Withum, Overpayment Recovery: The Often Overlooked Oversight Responsibility of Plan Sponsors.
2. Georgetown Center on Health Insurance Reforms, Third-Party Administrators and the self-funded market.
3. ERISA Part 4, fiduciary duty to monitor service providers.