



Third-Party Administrator Benchmarking Results for 2025

A look at TPA costs and how they compare with Blues and IPS Plans

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During 2025, Sherlock Company conducted a benchmarking study of Third-Party Administrators. The combined membership served by these five organizations was 1.1 million members, and the membership included Medical and Dental. The data surveyed was 2024 calendar year results.

These administrators are considerably lower cost than health insurers in more or less comparable products. Median medical product costs were \$18.52 PMPM versus \$27.03 for Blue Cross Blue Shield ASO/ASC arrangements, and \$24.20 for Independent/Provider-Sponsored ASO products. Interestingly, several of the TPAs included in this study are sister organizations to health insurers included in other *Sherlock Benchmarks* universes.

Part of this is structural, stemming from the markets served by TPAs. For instance, unlike insurers, TPAs do not serve individual members and the overall infrastructure reflects this. As a result, Sales and Marketing expenses were far lower.

Figure 1

Third-Party Administrator Costs by Product, 2025 Survey
Per Member Per Month

Product	25th Percentile	Median	75th Percentile	Coefficient of Variation
Medical	\$17.98	\$18.52	\$19.75	10%
Dental	\$2.74	\$3.84	\$4.18	45%
Combined Total	\$15.37	\$16.83	\$18.02	43%
BCBS ASO Medical	\$22.76	\$27.03	\$31.33	25%
IPS ASO Medical	\$19.74	\$24.20	\$28.08	23%

The execution of Account Membership and Administration activities is key to understanding differences in cost. This cluster accounts for the bulk of core expenses across all three groups. Blue Plan median costs were 53.8% higher than the TPA median, while IPS median costs were 27.5% above TPA levels. Within this cluster, the most significant component is Information Systems Expenses. Blue Plan median IS costs were 161.0% above TPA levels, while IPS median IS costs were 136.9% higher than TPA. This suggests that both Blues and IPS plans operate with heavier technology infrastructure than TPAs.

If you are interested in licensing these materials or if we can answer any further questions about them or you have questions about this *Plan Management Navigator*, we hope you will not hesitate to contact us. Much more information on health plan costs and operational drivers is available by licensing the *Sherlock Benchmarks*. Tables of Contents, report formats, citations, quality assurance and other information can be found here.

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