



## Balancing Efficiency and Provider Relationships When Optimizing Payment Integrity

Payment integrity is an essential function in the healthcare space. It ensures all claims are coded and billed properly, resulting in efficient and accurate payment. However, achieving payment integrity is no simple task and is often a source of abrasion.

Healthcare regulations are constantly changing. Approximately 150,000 diagnosis and procedure codes<sup>1</sup> are subject to update. Clinical definitions and the way care is delivered evolve. Payers are focused on managing benefits, and providers are focused on patient care. Handling their core competencies while trying to keep up with the complex demands of payment integrity is a significant challenge.

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*Finding a partner in payment integrity can make that process more efficient. The right partner allows payers and providers to focus on what they do best, leading to stronger relationships between these stakeholders.*

What are today's payment integrity challenges, and how can the right partner resolve them?

### Payment integrity challenges for payers

Payment integrity can be a considerable burden for payers. "To allocate the necessary resources to administer, operationalize, and maintain payment integrity, let alone adapt and innovate in that space, requires significant investment in money and expertise," explains Jon Grandstaff, General Manager and Senior Vice President of Payment Integrity at Zelis.

Payment integrity demands a thorough approach. Payers need to be able to manage pre- and post-payment reviews as well as specialized reviews.

Complex high-cost claims involving diagnosis-related groups (DRGs) and pharmaceuticals require expertise that many payers do not have in-house and, if they do, are not able to handle a large volume of claims at scale.

"For DRG reviews, clinical information on a claim is scrutinized, including diagnosis and procedure codes, which requires both clinical and coding knowledge," Timothy Garrett, MD, Chief Medical Officer at Zelis, explains. "Similarly, high-cost drug reviews require expert insight into pharmaceuticals, including their packaging, pricing, and indications."

And this challenge only grows along with the volume of high-cost claims.<sup>2</sup> It is difficult for payers to marshal the expertise and resources to manage an effective in-house payment integrity program. When these programs are not effective, mistakes can be costly.

"Even a small mistake in something labeled as 'high cost' can translate into significant dollars," says Grandstaff.



### Payment integrity and provider friction

While payers internally grapple with payment integrity challenges, their relationships with providers hang in the balance. Provider abrasion is a common challenge in the healthcare ecosystem and has wide-reaching consequences.

Friction between providers and payers can have a negative impact on patient outcomes and access to care. Patients and providers can abandon a payer and seek alternatives if the pain points causing the abrasion are not addressed.

Providers focus on delivering patient care, while payers dedicate their efforts to ensuring quality, affordable healthcare coverage for their members. This focus can sometimes shift priority away from clear and consistent communication with providers, including educating them on contract terms and claims processing rules.

Providers are often unaware of changes in the coding and regulatory landscapes, making payment integrity decisions frustrating and difficult to understand. And in some cases, they simply can't stay abreast of the changes.



“They may sometimes see payment integrity decisions as arbitrary, as if these programs are making decisions without sufficient input or consideration of their perspective,” says Garrett.

Engaging with payment integrity programs can also contribute to providers’ administrative burden. With claim denials having increased by upwards of 20% in recent years,<sup>3</sup> requests for documentation, payment disputes, appeals and third-party arbitration can quickly strain the relationship between providers and payers.

### Resolving challenges in payment integrity

Organizations can implement several key strategies that balance communication, technology and expertise to optimize payment integrity and build stronger relationships between payers and providers.

#### 1 Leverage technology and human expertise

The sheer volume of claims is a significant challenge in the payment integrity process. Human experts need help to do their job, and AI is emerging as a powerful tool.

AI can potentially operationalize many of the tasks involved in payment integrity. So far, the technology appears well suited to sifting through vast amounts of claims data. It can spot patterns and potential errors, bringing the most pertinent information to the attention of payment integrity teams.

But a strategic payment integrity partner knows that AI is no replacement for human expertise. Imagine a claim involving a medication with a narrow range of use within its FDA approval. Is the use appropriate? Does it meet current clinical guidelines?

“No algorithm currently available can reliably make a complex and nuanced clinical determination. It requires the judgment of a knowledgeable human being,” Garrett points out.

Expert claims reviewers, coders, clinicians, and pharmacists with current knowledge are needed to

make the correct determination and continue enhancing payment integrity solutions. AI is an important tool that can make them more efficient, freeing them up to make the nuanced decisions only they can.

“This strategy has led to high success rates and low overturn and client abrasion rates,” says Grandstaff.

**“By combining AI with human expertise, we’re able to confirm and address issues with a higher degree of confidence, which ultimately benefits our clients and the overall integrity of the process.”**

– Jon Grandstaff, General Manager and Senior Vice President, Payment Integrity

Payers should ensure that machine learning and AI are applied with caution<sup>3</sup> to effectively harness the benefits of these technologies. Avoid relying solely on automated systems for care decisions; instead, incorporate patient-specific clinical information and require reviews from clinicians or medical directors as needed. This approach helps maintain high standards of care while leveraging AI responsibly.





## 2 Streamline processes

A payment integrity partner with the right blend of people and technology also offers payers the ability to consolidate vendors.

"In the past, many health plans, especially large ones, followed a 'best in the market' strategy. They would select the best editor, the best bill review entity and so on, resulting in a stacking of multiple vendors across the spectrum," says Garrett. "However, we've seen a real movement, even among very large health plans, toward consolidating partners."

That consolidation can reduce the administrative burden and confusion of juggling multiple vendor contracts. A single expert in payment integrity can also facilitate more effective, streamlined communication.

These benefits can be felt by the provider. "Providers deal with a single entity instead of multiple firms requesting records. This approach fosters functional, working relationships with our team, whether it's for pre-pay or post-pay reviews," says Grandstaff.

While vendor consolidation may be a growing trend, some payers still opt to work with multiple payment integrity vendors to capture deep savings. A strategic partner can offer payers the ability to integrate and streamline processes across multiple vendors.

## 3 Foster open communication with providers

Payment integrity comes with challenges for payers and providers, but both stakeholders agree on the end goal: accurate coding, billing, and payment. An outside partner can serve as an expert intermediary that manages payment integrity challenges and delivers its benefits to payers and providers alike.

That third-party partner can manage an end-to-end payment integrity strategy for payers. It can leverage a team of experts and integrated solutions to handle the appropriate pre- and post-pay reviews. A dedicated payment integrity partner can ensure that the process is accurate and efficient on all claims, including those that are high cost and complex.

That seamless approach to payment integrity translates into stronger relationships with providers. The right payment integrity partner not only has the expertise to interpret contracts and apply the current rules and regulations but also has the ability to communicate that to providers.

"An important way to manage friction is through communication – educating, training, and actively engaging providers regularly through blogs, newsletters, forums and other channels," says Grandstaff.

That communication helps providers gain insight into a process that previously seemed arbitrary. It fosters collaboration and dual ownership of the outcome and process.

Payment integrity is about accuracy and efficiency. It is not about constantly denying claims and making providers' lives more difficult. The right partner builds a bridge between providers and payers by serving as a good partner to both stakeholders.

"Our focus is on being a reliable partner in the process, engaging with providers in training and education rather than creating tension for the sake of squeezing out additional savings," Grandstaff explains.



#### Empower in-house expertise

Outsourcing a business function isn't always an easy decision. Payers need to first determine a need.

"From a strategic business perspective, health plans succeed by focusing on their core strengths – such as delivering quality care and member services. Payment integrity, while important, often falls outside these primary areas of expertise," states Grandstaff.

Deciding to outsource a function like payment integrity means that payers can find a trusted partner that focuses on providing that service. Working with that partner allows internal resources to focus on their core competencies around managing benefits, eligibility and premium dollars.

"We regularly innovate and bring those advancements to multiple clients, which is one of our core competencies," says Grandstaff.



#### Measuring operational success and improvement

How can payers evaluate the operations and improvement of a payment integrity program? A strategic partner should be able to demonstrate success with key performance indicators.

Does a potential partner deliver client satisfaction? Net Promoter Score (NPS) and average client tenure offer insight into a vendor's ability to deliver on the services they offer.

"Our NPS of 66 is 17 points above our closest competitor," Garrett shares. "Another important metric is average client tenure, which for us is 13 years and counting."

Customer satisfaction and loyalty are earned through results. For payers, the outcome of payment integrity decisions is paramount. What does doing business with a payment integrity partner look like? Are its decisions being upheld?

Effective payment integrity programs can also help providers get back to what they do best: patient care. Engagement and education help reduce friction and ease administrative burden from the provider perspective.



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**“When we examine the sustainability of our payment integrity decisions, even considering disputes, we have a 95% to 100% sustainability rate, meaning our decisions are upheld at a very high rate.”**

– Timothy Garrett, MD,  
Chief Medical Officer, Zelis

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Payment integrity success is about more than just upheld decisions. It is also about how providers interact with the program. “Upholding decisions is one thing, but the fact that providers rarely challenge our decisions is as, or perhaps more, indicative of the strength of our program,” says Grandstaff. “It shows that we’re not just holding the line but making sound decisions that reduce friction and create less need for providers to push back.”

## Building efficiency and trust

Effective payment integrity programs demand a team of experts who can be thorough and efficient. When payment integrity efforts lag, payers can lose money and the trust they have with providers erodes.

The right partner in payment integrity can bring expertise in the constantly changing healthcare landscape to ensure processes are accurate, fair and efficient. Payers can keep up with changing regulations and healthcare delivery demands without straining their internal resources.

Strength in payment integrity directly affects the relationship between payers and providers. A partner like Zelis can engage with providers to educate them and reduce the friction that can easily damage the working relationship they have with payers. Trust naturally develops when providers have an expert point of contact to work with during the payment integrity process.

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## ABOUT ZELIS

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