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Payment Integrity Brief: What's New and Why it Matters

Foreword

According to McKinsey in December 2023, Payment integrity in the age of AI and value-based care, they estimate the $9 billion (PI) industry has grown at a 7 percent CAGR in recent years, reflecting growth in US healthcare spending and persistent complexity in billing processes.

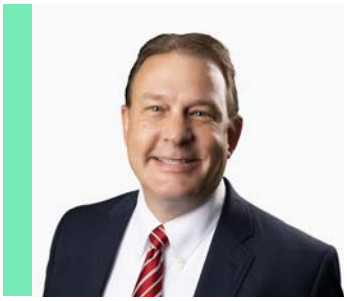
They further acknowledge the PI industry is poised for transformation in the coming years increasing the addressable market for PI companies and attracting continued investment and innovation. With this type of growth, a key sector of PI where our team sees strong focus is the incorporation of payment accountability.

Payment accountability is an enterprise-wide approach which focuses on everyone in the organization being accountable for accuracy along the payment integrity lifecycle. This approach encompasses root cause inaccuracies, claims accuracy rates at first pass, and post payment recovery to recoup misspent funds as well as drive upstream analysis.

In this article, we take a deeper dive on incorporating payment accountability into payment integrity offerings. We are focused on continually working with our health plan partners to manage their evolving payment integrity growth and landscape.

Greg Dorn

President



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Payment Accountability Overview

Payment accountability refers to the systematic approach of assigning responsibility and ensuring transparency at all stages in the payment process.

It involves establishing clear protocols and controls to track every stage of a payment, from initiation to completion - ensuring all transactions are legitimate and properly authorized. By integrating payment accountability into the broader framework of payment integrity, organizations can set and focus on total cost of care goals.

When looking at incorporating accountability we see our payer partners leaning into 4 key areas including:

1. **Creating an Enterprise Payment Integrity Office**
2. **Unifying Data Management**
3. **Balancing Pre and Post and Broadening the Scope**
4. **Targeting AI Optimization**

Each of these areas are further defined below.

1. Creating an Enterprise Payment Integrity Office

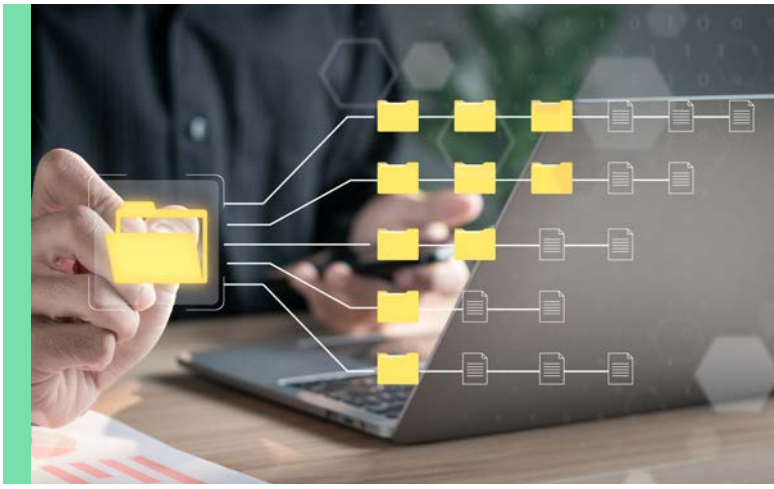
Many organizations are moving to an Enterprise Payment Integrity Office (EPIO) structure to centralize PI leadership and accountability and move beyond a traditional, single PI department approach. This holistic approach takes an enterprise view of payment integrity, rather than treating it as a siloed function. This allows for better coordination and alignment across departments to strengthen how departments work together, reduce duplication, and ensure all aspects of payment integrity are addressed consistently.

When there is accountability for PI as an organization-wide function, data is shared more appropriately across departments so information from various sources are combined to create a more complete picture of payment trends. This in turn creates organizational alignment, which prevents conflicting strategies that could undermine payment integrity efforts and increase provider abrasion. Having coordinated efforts leads to consistency of provider interactions, reducing disputes and helping to adapt quicky to the new payment models and regulatory requirements.

Overall, by focusing on payment integrity as an enterprise responsibility versus a departmental responsibility, a cultural shift occurs where all employees, regardless of their department, understand their role in ensuring payment accuracy.

2. Unifying Data Management

Having an EPIO structure and governance is a leap forward to ensuring PI accountability across the organization and one of the key success factors of the centralized structure is unified data management.



To create the best impact, data must be consolidated from multiple sources into a single platform to create visibility into the entire claim lifecycle. This unification reduces the need for manual data extraction and integration, automates routine tasks and processes, eliminates manual handoffs between departments, and provides a single interface for managing various payment integrity functions.

The coordination and organization-wide decision-making about priorities in the process is simplified with a holistic viewpoint. This also facilitates better communication between payers, providers, and internal teams and fosters accurate and timely claims processing. In addition to provider partnerships being strengthened, it also supports stronger vendor partnerships by standardizing data feeds and integration, and offering standardized data analyses.

Unified data greatly reduces the administrative complexity that typically wastes billions of dollars annually in healthcare. It allows payers to quickly and accurately adjudicate claims, improve payment accuracy, and focus resources on strategic initiatives rather than managing complex, disconnected systems and processes.

3. Balancing Prepay and Post Pay Solutions and Broadening the Scope

While there's an increased focus on prepay solutions in the forecast, post pay strategies remain vital, especially for complex claims and plans are looking for the right balance, with defined goals and accountable measures at each stage in the process.

Balancing prepay and post pay strategies involves leveraging them to create a cohesive and effective payment integrity framework. How payers achieve this balance is contingent on their current and future focused solutions and integrating their prepay and post pay solutions in a way that maximizes respective strengths while mitigating their limitations to create a layered defense mechanism.

Some of the cornerstones of a layered defense include looking at initial and secondary screening checks and analytics to determine the best approach:

- For initial screening, payers determine what can easily be automated to edit and verify upfront and what are high cost or high-risk services
- For secondary checks, payers can continue to conduct audits and identify patterns that warrant additional solutions to be incorporated into initial screening processes.
- For analytic processes, payers can continually detect what is being missed, if it can be moved upstream, and what targeted reviews should be implemented.

There has also been a surge in strategic collaborations and partnerships among payers, payment integrity solution providers, and regulatory bodies to create robust ecosystems that foster growth in this area and broaden the scope and potential of PI.

Things that are being included within enterprise PI strategies are incorporating member eligibility, plan benefits, provider credentialling, clinical cost management, prior authorization, and utilization management. By taking this more comprehensive view, organizations look at overall operational and cost efficiencies in ways that traditional, fragmented payment integrity methods did not optimize.

4. Targeting AI Optimization

AI optimization is the foundation that has greatly enhanced the ability to create an EPIO, unify data, build the right balance of prepay and post pay solutions, and expand PI accountability across the organization.

There is also a notable shift toward leveraging generative AI to enhance payment accuracy and pinpoint where the organization can use the technology for the best outcomes. This evolution underscores the industry's commitment to refining PI practices through internal expanded organizational reach and external strategic collaborations.

Generative AI is being applied to synthesize complex data from various sources, such as medical records and reimbursement policies, to support human reviewers in making more accurate and efficient decisions. This technology can handle both structured and unstructured data, and be used in prepay and post pay solutions to improve the accuracy of claim processes. AI and ML are also automating many manual processes involved in medical coding and billing reviews which reduces errors, accelerates payment cycles,lowers administrative costs, and ultimately allows employees to spend their time on more high-value, fulfilling work.

Because AI and ML systems in PI are increasingly self-learning, the systems are refining their analytical rules and enhancing predictive capabilities, leading to continuous improvements in payment accuracy. This supports faster adaptation into new value-based payment models and new regulatory requirements.

Summary

The US payment integrity market is poised for substantial growth, driven by technological advancements and a strong government focus on reducing improper payments. Key sectors contributing to this growth include the technology and prepay sectors, with AI and machine learning playing crucial roles in enhancing detection, evidence gathering, and analysis processes.

Incorporating payment accountability into payment integrity frameworks is essential for achieving comprehensive operational and cost efficiencies. Organizations are moving towards creating Enterprise Payment Integrity Offices (EPIOs), unifying data management, balancing prepay and post pay solutions, and optimizing AI capabilities to ensure accuracy and transparency in the payment process.

These strategies not only prevent improper payments but also foster a culture of accountability across the organization, ultimately leading to better payer, provider, and patient alignment and sustainable growth in the healthcare payment system.