

E-Book

Driving Accountability in Healthcare Spending



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The Opportunity

Effectively managing improper payments in healthcare is critical to safeguarding program integrity, reducing fraud, waste, and abuse (FWA), and ensuring that limited resources are used efficiently. By proactively identifying and correcting billing errors, duplicate claims, and noncompliant practices, payers can contain escalating costs and avoid regulatory penalties that stem from audit findings or federal oversight. More importantly, recovered funds can be reinvested into member-facing programs—such as care coordination, preventive services, and social supports—that improve health outcomes. A robust improper payment strategy not only strengthens compliance and accountability but also reinforces the sustainability of Medicaid, Medicare, and commercial health systems.

Payment integrity (PI) is an essential component of financial stability and ethical responsibility. Medicaid programs and other healthcare payers operate within tight budgets and are entrusted to act as stewards of public funds while delivering quality care. Yet, improper healthcare billing and payments undermine these goals, causing financial inefficiencies and diverting funds from where they are needed most—member care.

Robust PI initiatives serve as a powerful guardrail against improper payments and FWA. But implementing and sustaining effective strategies requires a proactive, technology-driven approach.



What is Healthcare Payment Integrity, and Why Does it Matter?

At its core, PI ensures that all healthcare claims are accurate, medically necessary, and compliant with regulations. It focuses on detecting and addressing improper payments, whether they stem from fraudulent activity or unintentional billing or documentation errors. Payment Integrity also enables organizations to identify medically unnecessary or inappropriate care that may negatively impact patients.

1

Protection of limited resources

With rising healthcare costs and constrained budgets, every dollar must count. PI ensures funds are directed toward patient care rather than wasted on avoidable errors or fraud.

2

Compliance and risk mitigation

Healthcare institutions must meet rigorous compliance standards. Ineffective PI processes can result in fines, lawsuits, and reputational damage.

3

Improved care delivery

Recovering improper payments allows organizations to reinvest in programs that enhance the quality of care patients receive.

FWA takes many forms, from providers inflating charges for services to patients receiving treatments they don't actually need. While some improper payments occur due to blatant fraud, others are unintentional. For example, complex claim requirements and billing codes increase the risk of human error.

Regardless of the cause, the outcome is the same—misallocated funds that could have otherwise been used to improve healthcare quality and access.

The key to solving this problem?

A comprehensive, integrated PI solution that meets the needs of all stakeholders.

Characteristics of Ideal Payment Integrity Solutions

The right PI tools make all the difference in combatting improper payments. Here's what to consider when investing in a PI solution.

1

Proactive Identification and Correction

Effective PI solutions must do more than retroactively identify errors—they must proactively examine claims to flag anomalies at any stage of the claim cycle. A robust solution identifies improper claims before payment is made when possible, minimizing losses up front and alleviating the administrative burden of post-payment correction.

2

Advanced Analytics and Automation

The complexities of modern healthcare billing require solutions that leverage advanced analytics and automation. Look for vendors using artificial intelligence (AI) and machine learning (ML) to uncover hidden patterns and anomalies in billing data. These tools learn and can predict future improper payment trends, giving your organization a head start against FWA threats.

3

Clinical Expertise

Healthcare claims don't only need processing; they need clinical context. Working with internal experts or a vendor that has deep clinical expertise ensures that claims are reviewed through both a financial and medical lens. This can help confirm whether services are medically necessary, aiding in compliance with regulations.

4

Integrated Fraud Detection Capability and Services

When evaluating an FWA solution, prioritize advanced analytics, regulatory alignment, and seamless operational integration to ensure effective detection, prevention, and recovery.

5

End-to-End Support

PI doesn't end with detecting incorrect claims. The best solutions follow through, helping organizations recover improper payments and prevent future issues. End-to-end support includes the tools and expertise needed to seamlessly integrate these processes into your existing workflows.

6

Customization for Your Organization

One-size-fits-all PI systems often fail to deliver meaningful results. Make sure you invest with a partner that specializes in tailoring solutions to match your organization's unique needs, size, and structure.

The Impact of Effective Payment Integrity

Organizations with robust PI programs are seeing measurable results. For example, a southeast state Medicaid program recently implemented a comprehensive PI solution that saved over \$250 million in fraudulent and unnecessary payments within two years.

Commercial plans typically recover up to 40% of identified overpayments. However, the biggest opportunity isn't postpay recovery at all—it is prepay controls, which prevent or correct up to 90% of errors before dollars ever leave the door. By shifting from postpay to prepay detection, commercial plans reduce provider abrasion, avoid appeal cycles, and materially improve medical cost trend. In short, strong prepay programs don't just increase recovery yield—they shrink the universe of overpayments altogether, delivering cleaner claims, lowering administrative burden, and driving more predictable financial performance.

Choosing the Right Partner for Your Payment Integrity Needs

Investing in PI should be a strategic decision supported by the right partner. Look for companies with a proven track record and expertise in delivering results for organizations like yours. The ideal vendor should offer a full suite of tools and services that integrate seamlessly, supported by robust analytics and clinical expertise.

When evaluating potential vendors, ask these questions

- 1 How do they incorporate AI and advanced analytics into their systems?
- 2 What kind of support and training do they offer during implementation and ongoing operations?
- 3 Do they customize their solutions to seamlessly fit with your existing technology infrastructure and workflows?
- 4 Does their PI solution have integrated pre- and postpay claims review and FWA capabilities?
- 5 Can their solutions scale as your organization grows or encounters regulatory changes?
- 6 Do they offer options that support provider and member transparency?



Driving Accountability Through Enhanced Payment Integrity

Ensuring healthcare funds are spent wisely is one of the most critical responsibilities for any managed care organization, provider, or healthcare administrator. PI is about more than compliance—it's about creating a system where finances are aligned with ethical values and patient-centered care.

Time is of the essence. Improper payments aren't just a problem; they're an opportunity for positive change. A proactive approach backed by cutting-edge technology, clinical expertise, and strong vendor support can transform the way your organization operates.

Start paving the way for smarter healthcare spending today. The right PI solution can reduce improper payments, increase equity, and improve care.





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