

AI and the Future of the Healthcare Payer Industry

How generative and agentic AI will transform operations, decision-making, and provider collaboration

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Purpose statement

This document explores the opportunities, challenges, and implementation considerations associated with the use of generative and agentic AI in healthcare payer organizations, including their potential impact on payer-provider workflows, administrative operations, and healthcare ecosystem dynamics.

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Introduction

Healthcare payers are operating in an environment defined by rising medical costs, increasing utilization, regulatory scrutiny, consumer expectations, provider dissatisfaction, and sustained pressure on margins. Traditional payer operating models, many of which evolved incrementally over decades, depend heavily on fragmented data systems, labor-intensive workflows, and extensive manual coordination across organizations and platforms.

These challenges are particularly visible across core administrative and clinical management functions. Even with widespread adoption of electronic health records (EHRs) and digital transaction standards, payer-provider interactions remain administratively burdensome, slow, and frequently opaque.

Previous waves of digitization improved access to information but did not fundamentally eliminate friction. In many cases, they simply shifted manual processes into digital environments.

Artificial intelligence (AI) introduces the possibility of something radically more transformative. Rather than merely digitizing workflows, generative and agentic AI systems can automate the retrieval, use, and exchange of information across the payer ecosystem. These technologies have the potential to fundamentally reshape how payers manage administrative operations, clinical decision-making, provider collaboration, member engagement, and risk management.

Importantly, AI may also enable a broader shift in the relationship between payers and providers. Increasingly, payers are being compelled by regulatory, financial, and competitive pressures to move away from historically reactive and transaction-based administrative models toward more integrated and collaborative operational relationships with providers. AI creates the possibility of a more proactive and collaborative operating model in which intelligent systems help coordinate clinical and administrative processes before delays and friction occur.

From workflow automation to operating model transformation

For healthcare payer organizations, the emergence of generative and agentic AI represents far more than a technology upgrade. It has the potential to reshape operating models, cost structures, provider relationships, workforce deployment, and competitive positioning across the healthcare industry.

Historically, payer organizations have relied on large administrative infrastructures to manage fragmented clinical information, manual workflows, compliance requirements, and complex provider interactions. Even today, much of healthcare administration remains document-driven, reactive, and dependent on extensive human intervention.

Together, generative and agentic AI introduce the possibility of a fundamentally different administrative model. Generative AI enables systems to interpret and synthesize unstructured clinical information.

At the same time, agentic AI introduces systems capable of executing multi-step workflows, coordinating actions across organizational boundaries, and maintaining operational context over time. Together, these technologies create the potential for intelligent automation at a scale previously unattainable within healthcare administration.

This transformation extends well beyond cost reduction. AI has the potential to reposition payer organizations from reactive claims administrators toward more proactive participants in care coordination, member engagement, risk management, and value-based healthcare delivery. Administrative functions that historically required large human workforces may increasingly become AI-mediated workflows, enabling organizations to redeploy resources toward higher-value clinical, analytical, and member-facing activities.

AI is also likely to reshape competitive dynamics across the healthcare ecosystem. Organizations that can effectively orchestrate clinical data flows, automate decision-making, and embed intelligence directly within provider workflows may gain significant strategic advantages. Competitive advantage may increasingly concentrate around organizations that control data access, workflow orchestration, and real-time decision support.

AI-driven transformation also carries potential risks. As payers and providers increasingly deploy automation to optimize financial and operational outcomes, AI could either reduce administrative friction or reinforce existing adversarial dynamics across the healthcare ecosystem.

For this reason, the organizations most likely to succeed will not simply automate existing workflows. They will redesign payer-provider interactions around greater real-time collaboration, explainability, interoperability, and operational integration.

Clinical information exchange as the core bottleneck

At the center of payer-provider friction lies a persistent challenge: the inability to efficiently exchange and operationalize clinical information. While much attention has been paid to transactions such as prior authorization requests or claims submissions, the true bottleneck is the underlying information that supports those transactions.

Clinical information remains highly fragmented across systems and is often captured in unstructured formats. Even when interoperability standards such as HL7 or FHIR are used, variability in implementation limits consistency and usability. As a result, providers must still manually gather documentation while payers must interpret incomplete or inconsistently formatted information.

Prior authorization provides the clearest example of this problem. While often viewed as a coverage policy or utilization management issue, it is more accurately understood as a clinical information exchange problem. The difficulty frequently lies not in making the decision itself, but in assembling, transmitting, and interpreting the necessary clinical context in a timely and consistent manner.

Addressing this bottleneck requires a shift from static document exchange toward dynamic, AI-mediated information exchange, where relevant clinical information can be automatically retrieved, structured, contextualized, and operationalized at the point of decision.

AI-driven transformation of payer-provider workflows

AI enables a rethinking of core payer-provider workflows by automating many of the most complex and error-prone aspects of clinical information exchange. In prior authorization, for example, generative AI can extract relevant data from EHRs, while agentic systems can assemble requests, validate them against payer requirements, and manage submission and follow-up interactions.

Rather than functioning as separate “payer” and “provider” processes, these capabilities could evolve into a real-time AI-mediated conversation. If required clinical information is missing, the system could identify the gap before submission, suggest alternative covered therapies, explain documentation requirements, or highlight lower-cost treatment pathways that better align with member preferences and coverage rules.

AI can therefore transform payer-provider workflows from static document exchanges into more dynamic, explainable, and integrated interactions embedded directly within provider workflows. This transformation helps reduce cycle times, minimize rework, improve transparency, and lower administrative friction for both organizations.

Similar transformations apply to claims adjudication. AI can validate coding accuracy, align claims with clinical documentation, and identify missing or inconsistent information before submission, supporting faster and more automated downstream processing. Over time, these capabilities may support a transition toward real-time or near-real-time claims adjudication.

Another important development is the move from static submission to real-time data access. Agentic systems can retrieve clinical data on demand through APIs and interoperability standards, reducing the need for repeated document exchange and enabling decisions based on more current and complete information.

Conversational interfaces further enhance usability by enabling providers to interact with payer systems in natural language. Embedded directly within provider workflows, these interfaces can explain coverage decisions, clarify documentation requirements, and improve transparency around payer policies.

Broadly speaking, agentic AI introduces a new model for payer-provider interaction in which intelligent systems act as digital intermediaries capable of coordinating end-to-end workflows with limited human intervention. Over time, this operating model could create a more synchronized operating environment between payers and providers while reducing administrative burden and improving speed, consistency, and transparency.

Emerging industry dynamics: Control points and the “battle of the bots”

As AI adoption accelerates, it is likely to reshape not only workflows but also the structure of the healthcare ecosystem itself. One important dynamic is the emergence of new control points centered around data access, workflow orchestration, and automated decision-making. Organizations that can effectively manage clinical and administrative information flows and embed AI into operational processes may capture disproportionate strategic value.

At the same time, a more adversarial dynamic may emerge. Providers are increasingly adopting advanced revenue cycle technologies to optimize coding, documentation, and reimbursement, while payers are investing in AI-driven payment integrity and fraud detection capabilities. This dynamic could create what has been described as a “battle of the bots,”¹ in which both sides use increasingly sophisticated automation to optimize outcomes.

While this dynamic may improve efficiency, it also risks reinforcing existing tensions if each side operates in isolation. Without transparency, interoperability, and aligned incentives, AI could amplify friction rather than reduce it. This risk underscores the importance of collaborative data exchange and workflow integration as foundational elements of any AI-driven transformation.

AI across the payer enterprise

Beyond payer-provider workflows, AI has the potential to reshape nearly every major payer administrative function. In claims management, AI can automate intake, validate coding accuracy, identify incomplete submissions, and support faster adjudication and exception handling. AI-driven payment integrity capabilities may also improve fraud, waste, and abuse detection by identifying abnormal billing patterns earlier in the claims lifecycle.

AI is also likely to significantly expand payer capabilities in analytics and risk management. Predictive models can identify members at elevated risk for hospitalization, disease progression, or non-adherence, enabling earlier intervention and more proactive care management. AI-driven analytics may also improve risk adjustment accuracy, utilization forecasting, quality measurement, and population health management.

Member engagement represents another major area of opportunity. Generative AI-powered assistants can help members understand benefits, explain coverage decisions, support care navigation, and answer questions in natural language. Combined with predictive analytics, these capabilities may enable more personalized outreach and earlier intervention strategies.

Operational functions across the payer enterprise are also likely to become increasingly automated. AI can streamline customer service operations, automate document processing, support regulatory compliance, assist underwriting and actuarial analysis, and improve internal workflow coordination.

Taken together, these capabilities position payers to move beyond reactive administration toward more proactive and data-driven participation in care management, member engagement, and value-based healthcare models. Just as importantly, automation may enable organizations to redirect resources historically consumed by back-office administration toward more meaningful member support and care coordination.

¹ <https://www.hfma.org/revenue-cycle/denials-management/health-systems-start-to-fight-back-against-ai-powered-robots-driving-denial-rates-higher/>

Implementation considerations

Realizing the potential of AI in payer-provider workflows requires careful attention to several critical factors. Data privacy and security remain paramount, particularly given the regulatory requirements governing clinical information. Organizations must design AI systems with robust safeguards, governance frameworks, and compliance mechanisms.

Transparency and explainability are also essential, especially in scenarios involving clinical or financial determinations. Stakeholders must be able to understand how decisions are made and trust the outputs of AI systems. Public scrutiny around the use of AI in payer decision-making has already intensified, particularly amid concerns that automated systems could inappropriately restrict access to care. As a result, transparency, explainability, and human oversight will be critical not only for compliance but also for maintaining trust and legitimacy.

Interoperability provides the technical foundation for AI-driven transformation. For payers in particular, interoperability is not simply a compliance requirement; it is the mechanism that enables AI systems to access timely clinical information, support real-time decision-making, reduce redundant documentation requests, and integrate more directly into provider workflows.

Finally, successful adoption will depend heavily on change management. Providers and payer staff must adapt to new workflows and develop trust in AI-driven processes. Clear governance structures, human oversight, and continuous performance monitoring will be essential for maintaining quality, accountability, and long-term adoption.

Conclusion

AI is poised to reshape nearly every major function within the healthcare payer industry. From claims adjudication and payment integrity to analytics, risk management, member engagement, and payer-provider collaboration, generative and agentic AI technologies offer the potential to reduce administrative burden, improve operational efficiency, accelerate decision-making, and enable more proactive and data-driven healthcare management.

One of the most significant opportunities lies in reducing friction between payers and providers through more intelligent exchange and operational use of clinical information. By automating workflows that have historically depended on fragmented systems, manual coordination, and repetitive documentation exchange, AI can help create a more connected and responsive healthcare ecosystem.

At the same time, realizing this potential will require more than technological advancement alone. Organizations will need to address issues of interoperability, governance, transparency, explainability, and trust while designing AI-driven systems to support collaboration rather than adversarial optimization.

The payer organizations that navigate this transition successfully will be better positioned to operate in a healthcare environment increasingly defined by real-time information, intelligent automation, and rising expectations for efficiency, transparency, and engagement. Those that fail to adapt may find it difficult to compete in a market where providers, members, regulators, and employers increasingly expect faster, more transparent, and more collaborative healthcare administration.

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