

The Annual State of Payment Integrity: Lessons from 2025 and Strategic Positioning for 2026

Prepared for: Payer Executives / Claims and Payment Integrity Leaders
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Executive Summary

Across 2025, payers confronted a perfect storm of rising medical costs, intensifying regulatory changes and oversight, unprecedented provider consolidation, and the rapid acceleration of AI-driven billing and advanced revenue-cycle tools. These forces have fundamentally shifted the expectations placed on PI programs and moved them into enterprise-level strategic opportunities focused on accuracy, transparency, and friction reduction.

Payers with high PI results last year embraced a prevention-first mindset. They modernized their data and contract logic, integrated real-time editing, and built collaborative provider engagement models. All of this to help reduce abrasion while improving accuracy. At the same time, the rise of private equity backed provider groups, centralized billing and increasingly sophisticated coding optimization technologies challenged traditional PI teams in new ways.

As we enter 2026, PI is poised for even greater transformation. AI and real-time adjudication will continue to accelerate and grow increasingly sophisticated. Regulatory expectations will tighten, and the financial and operational consequences of inaccurate payments will grow more severe. The lines between PI, utilization management, risk adjustment, and value-based care will continue to blur, creating a new strategic imperative for payers to design and execute PI as a discipline across the enterprise.

Payers in 2026 will focus on elevating PI from a corrective function to a competitive advantage powered by prevention, transparency, real-time intelligence, and strong, independent partners who can help them navigate the next decade of healthcare PI changes.

This paper offers a forward-looking perspective on the forces reshaping the PI ecosystem, the lessons 2025 taught us, and the operational, technological, and strategic capabilities payers should consider building to stay ahead of rising complexity and cost. Sections include:

- Lessons Learned in 2025
- Outlook and Strategic Forecast for 2026
- A 2026 Payer Preparedness Checklist

Lessons Learned in 2025

2025 was a defining year for PI. What began as a steady evolution toward more proactive, data-driven oversight quickly escalated into a period of accelerated change shaped by rising medical costs, intensified regulatory scrutiny, and a rapidly consolidating provider landscape. At the same time, advances in automation and AI transformed payer capabilities and provider billing sophistication, but not without scrutiny. These dynamics produced a set of clear lessons for payers: prevention must move upstream, contract logic must be modernized, provider engagement must mature, and PI must operate as an enterprise competency rather than a downstream corrective function.

Five key factors that shaped valuable lessons in PI for 2025 include the following:



1 Cost and Utilization Pressures Intensified: 2025 saw significant upward pressure on medical spend driven by an aging population, expanded chronic disease burdens, specialty drug cost growth (e.g., GLP-1 therapies), persistent hospital inflation, and continued post-COVID baseline utilization shifts.

Lesson Learned: These pressures set up PI as a primary lever to offset medical loss ratio volatility. PI programs became closely aligned with utilization management, pharmacy strategy, and value-based care initiatives.

2 Regulatory and Oversight Evolution Increased Rapidly: Regulatory complexity increased meaningfully in 2025 due to a change in administration. Several areas garnered an increased focus including enhanced price-transparency enforcement, nationwide momentum around prior-authorization reform, increased scrutiny of automated decision-making in coverage determinations, evolving CMS bundling and E/M coding logic, strengthened state-level balance billing oversight, and increased audit activity across Medicare Advantage and Medicaid.

Lesson Learned: PI teams require highly adaptable rule sets, real-time tracking of regulation, and scenario-based planning rather than static annual updates.

3 Technology, Automation, and AI Maturity Showed Provider and Member Abrasion Risks: AI models and real-time API-based edits expanded rapidly across the industry in 2025. While they improved speed and accuracy, the industry also learned that provider and member abrasion increases when edits lack transparency. Black box models introduced operational and reputational risks.

Lesson Learned: Technology must be paired with provider-centric and member-centric designing, transparency, evidence-based rationale. Most importantly, AI must be monitored by clinical and operational experts to ensure a responsible approach.

4 Prepay and Enterprise PI Models Were Enhanced: Organizations investing in prepay editing saw higher ROI, significantly reduced administrative abrasion, fewer downstream disputes, and faster medical cost management. In addition to expanding prepay, payers also expanded PI to include end-to-end contract compliance, AI-driven anomaly detection, root-cause analytics, clinical validation, provider education loops, and cross operational PI models.

Lesson Learned: Payers reported meaningfully higher ROI from prepay prevention compared to post pay recoveries, particularly when factoring in reduced provider abrasion, lower administrative cost, and fewer downstream appeals.

5 Provider Consolidation and Private Equity Expansion Created Administrative Complexity: Perhaps the most impactful and underestimated force in 2025 was the acceleration of mergers, acquisitions, and private-equity activity across the provider landscape. This trend hit PI in several ways including multiplying administrative and billing complexities with multilayered provider entities and disparate billing systems with inconsistent charge masters, advanced coding optimization platforms and revenue cycle optimization, increased high-frequency appeals, legal pressure, and detailed documentation challenges.

Lesson Learned: PI must be structurally prepared for sophisticated, consolidated, and highly optimized provider billing ecosystems and flexible to adapt as new billing patterns arise.

Outlook and Strategic Forecast for 2026

As the industry moves into 2026, the factors that reshaped PI in 2025 are poised to accelerate, creating both heightened risk and unprecedented opportunity for payers. Cost pressures are expected to intensify, regulatory expectations will continue to evolve, and provider consolidation will reshape contract dynamics and billing behaviors.

Meanwhile, advancements in automation, real-time analytics, and AI-driven adjudication will redefine what accurate payment means and how quickly it must occur. The year ahead will reward payers that are prepared to modernize core PI capabilities, strengthen provider collaboration, and adopt prevention-first, technology-enabled strategies that scale across the entire claim lifecycle.

Five key factors for shaping the PI landscape in 2026 include the following:



1 Market Growth and the Vendor Ecosystem Will Continue to Mature: PI market is projected to grow from \$1.58 billion in 2025 to approximately \$14.12 billion by 2034, reflecting a compound annual growth rate (CAGR) of about 27.5%.¹ During this period, vendors are expected to continue evolving beyond traditional audit and recovery functions, expanding into full-lifecycle PI services, real-time editing capabilities, advanced analytics, and more integrated, prevention-focused solutions.

Forecast: Payers should reassess vendor portfolios and build strategic vendor ecosystems. Single solution relationships, especially those owned by competitors may not be the best fit for all payers.

2 Data Quality, Interoperability and Enterprise PI Will Become Critical: 2026 will see payers resolving siloed contract storage, inconsistent provider files, outdated claim-editing content, and limited analytic integration. As data quality advances, real-time API edits and predictive risk scoring for claims at submission will become more accurate.

Forecast: Contract-logic and real-time interoperability will become major efficiency levers. Payers will further integrate PI with governance, transparency, and cross-functional oversight.

3 Regulatory Dynamics and Prevention-First Will Continue to Reshape PI Operations:

Continued momentum is expected for the following: greater linkage between UM and PI, reduction in manual post pay, automation oversight in clinical decision making, expanded transparency mandates, audit tightening for MA/Medicaid, and evolving drug-pricing and site-of-service rules.

Forecast: Payers must continue to build and maintain agile rule frameworks and compliance-first edit strategies in the quickly changing regulatory landscape. Prepay integrity should also become primary with post pay used as a safety net.

4 Provider Consolidation Will Continue to Increase Operational Friction: 2026 will continue to see

increased PE activity play a role in high-margin specialties, hospital system mergers, centralized billing operations, revenue cycle management, and contract renegotiation.

Forecast: PI leaders will be moving to robust contract-logic and stronger provider engagement strategies with customization for merged entities to maintain accuracy without escalating abrasion.

5 Value-Based Care and PI Convergence: As value-based care (VBC) models continue to expand and

mature, PI will play an increasingly central role in ensuring contractual accuracy, appropriate reimbursement, and alignment between cost and outcomes. In 2026, VBC arrangements are expected to become more granular and specialty specific, incorporating tighter quality metrics, advanced risk-adjustment methodologies, and expanded use of alternative payment models (APMs). These models require validated clinical data, and clean claims to ensure cost and quality outcomes are calibrated correctly across providers, payers, and delegated entities.

Forecast: PI will become a core enabler of VBC's financial integrity ensuring accurate risk adjustment, validating quality supported payments, supporting episode-of-care calculations, and providing real-time analytics that help both plans and providers succeed under value-based arrangements. Payers that integrate PI and VBC operations will gain clearer financial insight, stronger provider trust, and greater control over total cost of care.

2026 Payer Preparedness Checklist

As payers enter 2026, the margin for error in PI is shrinking, and the expectations for operational precision are rising. The year ahead will demand not just incremental improvements, but deliberate readiness across technology, analytics, provider/member engagement, and regulatory adaptability. The pressures that shaped 2025 which included cost escalation, consolidation, heightened regulatory oversight, and AI complexities will only intensify, making proactive preparation a defining advantage.



The checklist below outlines strategic, operational, and technical priorities payers can address to strengthen resilience, protect financial performance, and build a more agile, prevention-focused PI ecosystem.

Strategic & Operational Preparedness

To navigate the escalating business and regulatory pressures of 2026, payers should ensure PI is operating as an enterprise-level discipline. This begins with a clear understanding of current maturity, alignment across adjacent functions, and proactive planning for policy and market disruption. Key areas of preparedness include:

- Reassessing PI maturity across prepay, post pay, analytics, and provider engagement
- Establish alignment across enterprise PI, UM, and VBC
- Build regulatory scenario plans

Technology and Data Preparedness

Modern PI depends on agile, interoperable, and intelligent technology infrastructure. Payers that invest in automation, real-time decision making, and data modernization will be positioned to prevent costly errors before they occur. Key areas of preparedness include:

- Implementing contract-logic automation
- Adopting responsible, real-time editing and AI models with transparent governance
- Modernizing data structures for interoperability

Provider Ecosystem Preparedness

As provider consolidation accelerates and billing operations become more sophisticated, effective provider engagement is even more foundational to PI success. Strengthening communication, transparency, and escalation pathways will reduce abrasion and improve payment accuracy in these newly formed organizations. Key areas of preparedness include:

- Develop specific provider-centric communication and feedback protocols for newly consolidated provider groups
- Increase transparency in edits and coding rationale
- Establish processes to manage consolidated/PE-backed provider demands



Financial Performance Preparedness

With medical spend under intense pressure, PI leaders should improve how they measure, manage, and communicate financial impact. A modern financial lens emphasizes prepay savings, clear ROI, and disciplined oversight of internal and vendor-driven performance. Key areas of preparedness include:

- Rebalanced reporting toward prepay savings measurements
- Create scorecards for PI ROI tied to total cost of care
- Audit vendor performance and evaluate diversification of vendors



Risk and Compliance Preparedness

Compliance expectations are tightening across AI usage, audit readiness, coverage decisions, and documentation standards. Payers that formalize governance and build resilient controls can minimize exposure and stay ahead of regulatory change. Key areas of preparedness include:

- Strengthen audit readiness
- Document AI governance
- Validate compliance with evolving coverage-decision rules

Conclusion

2025 reshaped the PI landscape in ways that will define the decade ahead. The industry is moving into a new era where precision, agility, and intelligence must be built into every step of a claim lifecycle that is now expanded to include interoperability with provider offices. With rising medical costs, increasingly complex provider ecosystems and consolidation, and rapid innovation in automation, 2026 demands a PI strategy that is accurate, adaptive, compliant, predictive, and transformative.

Payers will continue to embrace prevention as an operating principle, reimagine provider alignment through transparency and collaboration, and build infrastructures capable of real-time decision making as regulations and coding standards continue to evolve. They will move beyond retroactive fixes to a model where insights travel faster than errors, and where PI becomes a source of strategic advantage instead of a last line of defense.

In a healthcare environment growing more dynamic by the day, CERIS is committed to helping payers shape the future rather than simply keep up with it. Whether a plan is modernizing legacy processes, expanding prepay capabilities, or designing an enterprise PI program from the ground up, CERIS brings the advisory depth, precise analytics, flexible infrastructure, payer independence, innovation mindset, and more than three decades of experience to accelerate that journey.

CERIS has partnered with payers across the nation to support their payment integrity program and help them advance where they are in their journey.

Visit CERIS.com to Learn More.

1. Precedence Research. U.S. Payment Integrity Market Size, Share, and Trends 2025 to 2034. Report Code 3060. Last Updated 01 September 2025. "The U.S. payment integrity market size accounted for USD 1.58 billion in 2025 and is forecast to hit around USD 14.12 billion by 2034, representing a CAGR of 27.50% from 2025 to 2034."