Health plans: Use provider data management to your advantage

Improve patient experience and compliance and lower costs

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How health plans can use provider data management to their advantage

A mistake in a directory of providers is a frustrating experience for patients seeking care and can move a health plan from compliance to non-compliance – triggering substantial financial and reputational repercussions. A provider data management (PDM) strategy is important as ongoing healthcare mergers and acquisitions can lead to outdated provider information, duplicative, incomplete or conflicting data. Provider data errors add up to disruptions in provider network efficiency, network management and network adequacy requirements.

Navigating change: The need for advanced PDM solutions

The healthcare industry is evolving rapidly, with new regulations, mergers, and value-based care models reshaping provider data management (PDM). Regulatory mandates, such as CMS' Interoperability and Prior Authorization Final Rule[1] and the No Surprises Act[2], require precise, real-time provider data to prevent compliance risks and financial penalties. Despite annual spending of $2 to 3 billion on data management[3], payers still struggle with inaccuracies in their provider directories: 81% of provider entries contain errors[4] and 25% of pended claims are due to inaccurate provider data, resulting in inefficiencies like claim rejections, negative member and provider experience and increased operational costs.

A mistake in a directory of providers can move a health plan from compliance to non-compliance, triggering substantial financial and reputational repercussions.

To adapt and thrive, payers should shift from reactive data corrections to proactive, technology-driven strategies. Next-gen PDM solutions, advanced data intelligence and insights into the consequences of poor data can empower health plans to transform historically inaccurate information into a strategic asset—driving product development, improving networks, and enhancing back-office efficiency. Additionally, advancements in AI, automation, and API-driven platforms can make it easier than ever for payers to enhance operational efficiency and elevate member experience—all while helping reduce administrative burden and costs.

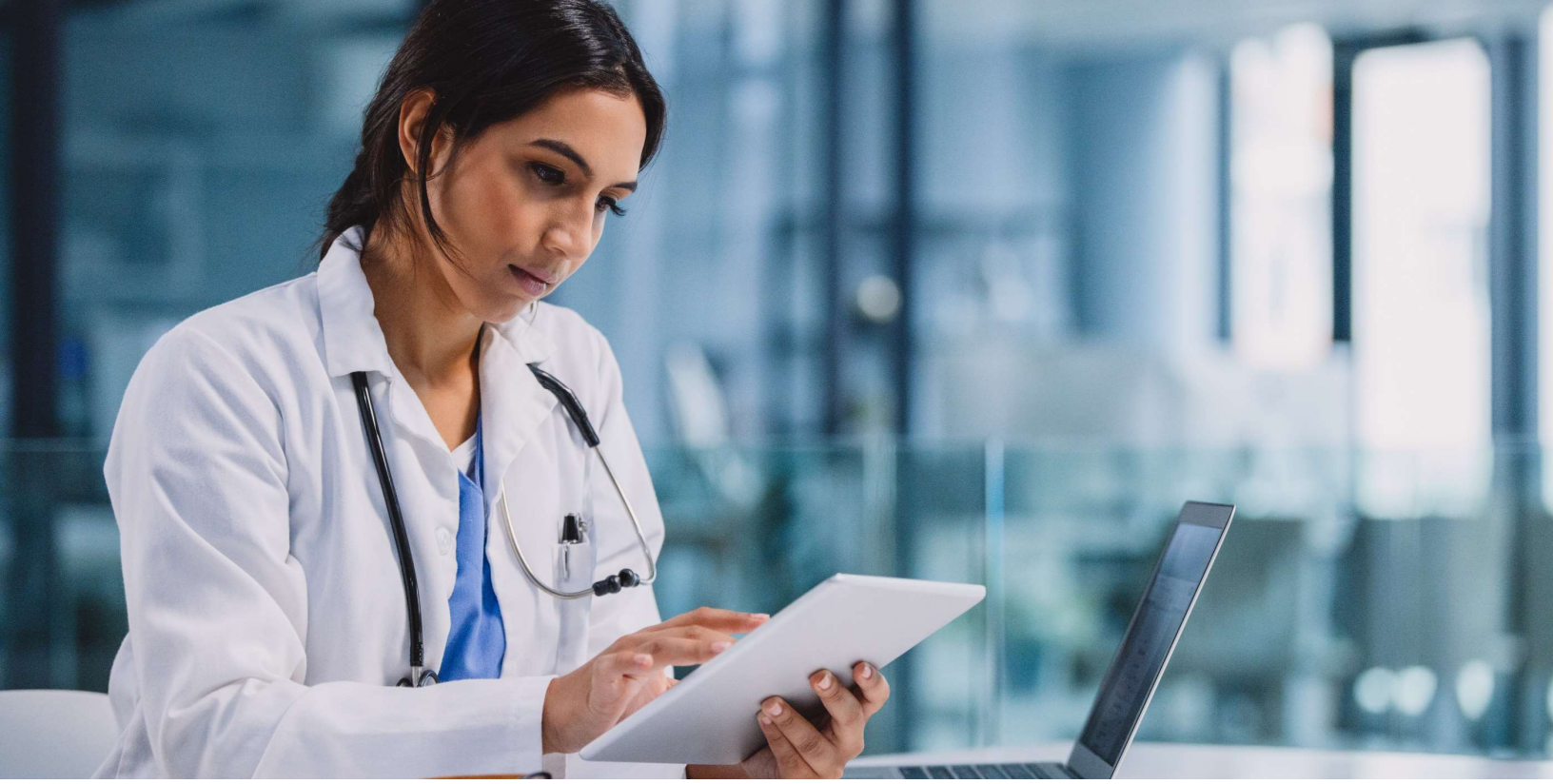
Key drivers for modern PDM

Operational Improvements

By reducing provider data errors, payers can unlock benefits across the overall value chain. In claims operations, they can cut down on pended claim volumes, reducing the time and resources needed for issue resolution. Enhanced precision and timeliness also help drive cost savings in other areas, lowering call volumes and boosting satisfaction.

Provider operations can also see significant gains as industry leaders streamline processes, cutting down the time and effort needed to manage PDM solutions—freeing up resources for higher-value initiatives.

By leveraging advanced provider data technologies, payers can turn data into a competitive asset, enabling compliance, cost savings and enhanced member experiences.



Regulatory compliance and financial risk

Payers have been fined for non-compliance with provider directory accuracy laws[6]. Beyond financial penalties, there can be a significant reputational risk. Inaccurate provider data can lead to lost business as employer groups increasingly acknowledge poor service experiences and reconsider their payer partnerships. With regulations imposing fines of up to $25,000 per Medicare Advantage beneficiary for directory errors[5], payers should provide real-time updates to maintain compliance and prevent financial and reputational damage. Additionally, payment integrity requirements under ACA and state laws demand strong data auditing to reduce errors and penalties – further underscoring the importance for payers to demonstrate an operational and technical muscle required to pass federal and state audits. A mistake in a directory of providers can move a health plan from compliance to non-compliance, triggering substantial financial and reputational repercussions.

Market consolidation and network evolution

The healthcare industry is experiencing continuous waves of mergers and acquisitions, fundamentally changing how care can be delivered, the networks providers participate in, and how they are reimbursed. These consolidations introduce challenges in provider data management—not just outdated information, but duplicative, incomplete, or conflicting data that disrupts network efficiency, network management, and network adequacy requirements.

The M&A activity also challenges provider partners' ability to effectively update provider data that is submitted to payers. Poor provider data can lead to administrative bottlenecks, claim denials and member frustration: 25% of pended claims are directly linked to inaccurate provider data[7], making it imperative for payers to adopt advanced solutions that confirm data efficacy and interoperability.

Rising costs and shift to value-based care

Many payers are being forced to address inefficiencies at their root. The transition to value-based contracts (VBC) is expanding, with 70% of Medicare Advantage enrollees choosing providers who participate in VBC agreements[8].

To help support risk-based and bundled care models, precise provider data is required to track costs, monitor and adjust network and benefit strategy and contract service-level agreements (SLAs) efficiently—without relying on manual, error-prone processes. Investing in strong, AI-powered PDM solutions can automate provider tracking, improve cost transparency, and support long-term financial sustainability.

Why invest in modern PDM?

A new era of provider data management

Modern PDM solutions have evolved significantly, making adoption faster, more affordable and highly effective. The vendor landscape has matured significantly: payers now have plug-and-play solutions that are flexible to a variety of architecture stacks and do not require years or dollars to implement. Even smaller regional payers forecast $10 million to $20 million in total benefits over five years from foundational improvements in credentialing, enrollment, and data reliability stemming from operational efficiency gains[9]. These findings reinforce that modern, AI-powered PDM solutions can serve as a catalyst for both cost savings and strategic growth. Many organizations can quickly achieve measurable results, reducing operational inefficiencies, compliance risks, and administrative burdens.

Advanced PDM solutions can empower payers to:

Confirm precise, real-time provider data to maintain compliance and reduce claim rejections

Automate provider-related processes, reducing manual work and boosting efficiency
Enhance interoperability between claims, contracting, and care management systems

Improve member experience by reducing ghost networks and inaccurate directories

Enhance network and provider performance through real-time analytics and AI-driven insights

Free up staff capacity by streamlining up to 80% of manual tasks

Next-Generation PDM: Core components

Now is the time to invest in data-driven PDM infrastructure

With regulatory complexity, cost pressures, and consumer demand for better healthcare experiences, it's time for payers to prioritize data-centric provider management. Investing in modern, AI-powered, API-driven PDM systems is no longer a luxury—it is an important enabler of compliance, efficiency, and business growth.

Core capabilities of Next-Gen PDM solutions

AI-driven automation and smart data management

- Automated data ingestion and normalization offer smoother integration across multiple sources
- Master data record confidence levels improve precision and resolve duplicative entries
- Intelligent workflow automation helps reduce manual errors and administrative costs

Seamless API-driven system integration

- Modern solutions are modular, agile, and plug-and-play with no need for costly, monolithic platforms
- Real-time synchronization takes place across claims, contracts and provider directories
- Scalability and flexibility allow payers to adapt as networks evolve

Provider data governance and performance analytics

- Data-first architecture enables smoother provider-to-claims connectivity
- Automated performance analytics identify network inefficiencies and contractual compliance issues
- High-value cases are supported, including population health management and risk adjustment

Enhanced member experience and reduced service costs

- Up-to-date provider directories helps prevent "ghost networks"
- Inbound call center volumes are reduced for claims and provider lookups
- Star ratings and Healthcare Effectiveness Data and Information Set (HEDIS) scores are boosted by improving patient access to more precise provider information

The road ahead

Payers should determine whether to implement specialized solutions to target functional areas across the PDM lifecycle or a holistic PDM platform based on operational needs, compliance risks, time to value and scalability goals. A phased approach, starting with diagnostic assessments, a rapid “pilot”-driven approach (start small, prove the value) and benchmarking can pinpoint high-impact areas for improvement.

Thinking carefully about their approach, payers should evaluate a variety of vendors that offer diverse strategic, cost, technical, and operational trade-offs. The landscape is dynamic due to new entrants and historical players who have collectively identified myriad opportunities to support payers on their PDM transformation journey.

The right investment today can help position payers for long-term success in an evolving healthcare landscape.

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