KPMG

The AI-enabled health system

Five ways leading healthcare providers are building capacity, confidence, and growth with AI

How do you turn AI into ROI?

That's the urgent question for healthcare leaders as they evaluate their expanding AI investments against a backdrop of rising complexity and underwhelming returns. AI has promised industry-changing breakthroughs for years. But for many hospitals and health systems, the results so far have been incremental at best. The tantalizing promise is still there. But the tangible payoff … less so.

That gap between expectations and outcomes is untenable in the challenging operating environment that providers face today. Margin pressure is intensifying. Labor shortages persist. Patient demands and expectations continue to rise. And the go-to levers for optimization—incremental technology upgrades, cost reductions, outsourcing—are largely tapped out. Providers can't staff their way out of today's challenges, and they also can't afford big-swing initiatives that require heavy upfront investments of capital and time before value materializes.

For most healthcare providers, the answer is not "more AI," but a reset in how AI is funded, implemented, and applied. **The next phase of AI adoption is about execution under pressure: delivering results faster, with greater confidence, and within tighter capital and timeline thresholds.** Progress depends on moving beyond pilots and disconnected tools toward approaches that are designed to pay for themselves—by expanding capacity, improving productivity, and strengthening financial performance in measurable ways.

So how does AI actually become ROI when both working capital and patience are scarce? It starts with making a few deliberate decisions that determine not just *what* AI tools and capabilities are deployed, but how they are funded, scaled, and sustained.

Building a financially viable path to AI outcomes

Providers that are making real progress with AI share a common trait: They are intentional about the economic model behind it, guided by a clear approach that connects strategy, execution, and funding from the outset. That approach is shaped by clarity in three areas:

1 Understand your starting point and requirements to scale.

Every AI initiative builds on an existing environment. Data quality, automation maturity, system integration, and governance discipline vary widely across providers, and those realities shape what can be executed quickly and safely.

Establishing a baseline doesn't mean getting bogged down in lengthy diagnostics. It requires practical visibility into which data can be trusted, where workflows already support automation, and what constraints will affect deployment. In healthcare, trust is a prerequisite for scale. Clarity on "details" like rigorous bias management and cyber resilience are what allow AI to move from pilots into operations.

2 Define the outcomes that must fund the efforts.

AI delivers value when it is tied to pressures providers feel every day: workforce strain, access bottlenecks, revenue volatility, delayed insights, and more. Clear priorities prevent investment from fragmenting across disconnected "science projects."

Whether the objective is expanding capacity without adding staff, stabilizing cash flow, improving patient access, or accelerating decision-making, AI efforts must be anchored to measurable results that justify continued investment. Framing these goals around capacity, confidence, and growth keeps attention on what the organization gains and how progress is sustained.

3 Choose a sourcing strategy that fits today's financial reality.

This is where many efforts stall. Providers often default to building internally or buying platforms—both of which introduce cost, complexity, and unsustainable expectations.

- **Building** offers high control, but it forces providers to compete for scarce talent against tech giants while owning the depreciation and maintenance of a rapidly aging asset.
- **Buying** is faster than building, but it often creates platform lock-in and integration debt long before time-to-value expectations are clear.

As a result, leading providers are gravitating toward a **Borrow** model. Much like leasing a car to secure transportation without managing upkeep or depreciation, the Borrow model prioritizes the outcomes over the asset.

With this approach, providers access prebuilt, scalable capabilities through managed or service-based models that reduce upfront capital requirements and demonstrate ROI quickly. For many providers, this is the most practical on-ramp to meaningful progress on AI today.

With this foundation in place, organizations can move from adoption to outcomes—and deliver results that fund what comes next. Here's a closer look at five opportunity areas where providers are translating AI into measurable gains.

OPPORTUNITY #1:

Improve patient access and experience

Patient access is one of the fastest ways providers can unlock ROI from AI. Long wait times, missed appointments, and overloaded contact centers frustrate patients, impact capacity and utilization, and create downstream revenue leakage. In our work, we have seen as much as 53 percent of provider time go unused due to scheduling inefficiencies. Over time, these types of access and capacity improvements have translated into hundreds of millions of dollars in identified and realized value across provider organizations.

Adding staff is rarely an option, so improving access is one of the most direct ways to do more with what's already in place. Reclaiming this lost inventory creates an immediate path to growth. Providers are doing this with AI-enhanced systems that introduce intelligence into scheduling, routing, and outreach—expanding capacity, stabilizing demand, and generating financial and operational gains.

MAKING IT HAPPEN:

- Predictive scheduling models align appointment supply with demand patterns across specialties, providers, and locations.
- AI-driven triage resolves routine requests quickly, reducing average speed to answer to less than 30 seconds.
- Automated outreach reduces no-show rates by 3–7 percent, securing downstream revenue.
- Dynamic access rules adjust workflows in real-time, replacing manual, periodic resets.

Many providers are deploying these capabilities through managed or service-based models rather than building new access platforms from scratch. This allows improvements to be implemented quickly, integrated with existing systems, and scaled based on performance.

CASE STUDY: One large health system was experiencing significant patient lag across key specialties, leading to measurable leakage. By applying AI-enabled scheduling optimization and targeted outreach, the organization reduced lag by more than 40 percent within months, while identifying over $10 million in new recurring revenue tied to improved access and capacity utilization.

OUTCOMES WE HAVE SEEN:

- Capacity increases of approximately 20 percent in targeted service lines without adding headcount.
- Reduction in new patient lag times by over 40 percent.
- Improved capacity utilization has driven $10M–$15M in net new recurring revenue opportunities for a single health system, with typical programs uncovering $30M–$50M in opportunity annually—and in some cases exceeding $100M.

ONE THING TO GET RIGHT: Access optimization depends on accurate scheduling data and consistent operational rules. Without both, improvements will be difficult to sustain at scale.

OPPORTUNITY #2:

Strengthen revenue cycle performance

Revenue capture remains a critical pain point. Rising denials, delayed reimbursements, and growing administrative complexity strain cash flow at a time when financial resilience matters more than ever. Even small breakdowns in documentation compound quickly, turning operational friction into material revenue loss.

Well-executed AI capabilities allow providers to move revenue cycle performance upstream. Instead of correcting issues after claims are denied, organizations are applying intelligence to identify risk and reduce avoidable rework before it occurs.

MAKING IT HAPPEN:

- Predictive modeling identifies claims and authorizations at high risk of denial for review before submission.
- Automated coding and documentation reviews flag errors early, reducing downstream corrections and back-end rework.
- AI-assisted analysis across clinical and financial data improves visibility into yield, risk, and payer behavior.
- Intelligent workflow orchestration reduces manual handoffs and shortens end-to-end cycle times.

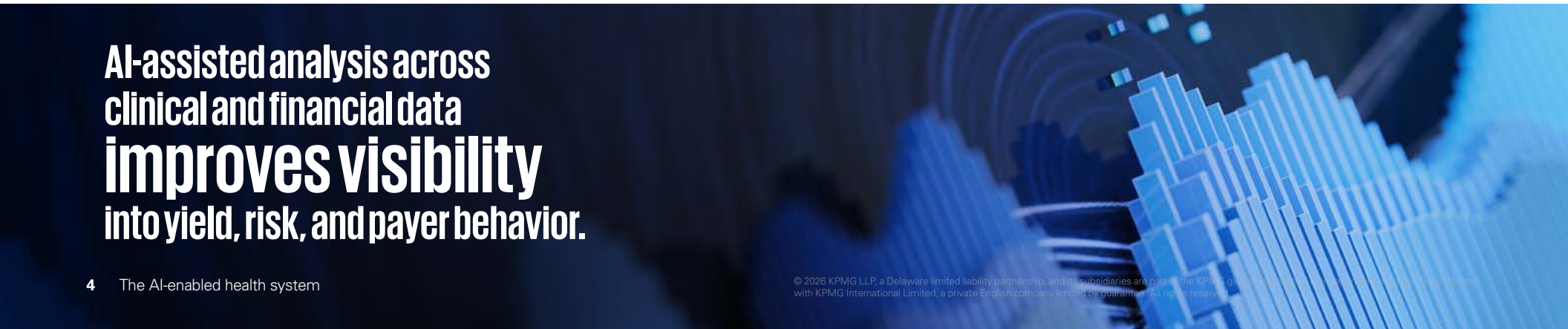
Rather than rebuilding revenue-cycle infrastructure to support increasingly specialized workflows, many providers are accelerating results by leasing preconfigured digital agents to handle these high-volume tasks. This approach allows improvements to be introduced incrementally, measured against cash outcomes, and expanded only when value is proven.

CASE STUDY: One large health system was experiencing rising denial rates and delays in reimbursement, creating significant pressure on cash flow. By applying AI-enabled prioritization and automation across key revenue cycle workflows, the organization improved collections velocity and reduced avoidable rework—resulting in more predictable cash flow and measurable improvement in net revenue yield.

OUTCOMES WE HAVE SEEN:

- 10–15 percent recovery of lost patient demand through better recapture workflows.
- 12–17 percent revenue impact driven by improved referral management and clearance.
- 5–9 percent lift in revenue through integrated front-end cycle improvements.
- Faster reimbursement cycles and improved cash flow predictability.

ONE THING TO GET RIGHT: Revenue cycle AI depends on clean, complete clinical and financial data. Gaps in documentation or integration will limit accuracy and impact.



OPPORTUNITY #3:

Drive back-office efficiency and workforce relief

Back-office operations absorb a significant share of provider operating costs, yet they often receive less attention than clinical or revenue functions. Human resources (HR), finance, and supply chain teams manage high volumes of documents and requests—but too often with time-challenged, manual processes that are stuck in the past. As cost pressure intensifies, these functions represent a critical opportunity to unlock near-term ROI.

Providers can use AI to create digital capacity across back-office operations by automating routine work and supporting staff with intelligent assistance. This stabilizes workloads and redirects human effort toward higher-value activities without relying on incremental hiring.

MAKING IT HAPPEN:

- Intelligent document processing extracts, validates, and routes information across HR, finance, and supply-chain workflows.
- AI-powered knowledge agents handle routine internal inquiries and reduce reliance on manual support queues.
- Predictive planning anticipates administrative demand spikes to proactively rebalance resources.
- Digital labor blends human and AI support to handle high-volume administrative tasks safely and transparently.

Some health systems are turning to a managed service model to access automation in the back office and reduce operational side-alleys. In an era of increasing functional specialization, this approach enables providers to focus on their core mission—clinical excellence—while still covering the technical elements required to modernize administrative operations.

OUTCOMES WE HAVE SEEN:

- Faster cycle times across HR, finance, and supply chain, including cutting five days from financial close processes.
- 30 percent reduction in reporting and operational analysis costs through automation.
- Significant productivity gains, including 30,000 hours recaptured through automation of high-volume administrative tasks.

ONE THING TO GET RIGHT: Back-office automation succeeds when workflows are standardized. High variability and exception handling can reduce the effectiveness of AI-driven processes.

OPPORTUNITY #4:

Unlock faster, better insights from data

Providers are data-rich but insight-poor. Reports take weeks, data lives in silos, and leaders lack timely visibility into performance, emerging risks, and optimizations. The result is slower decisions, missed signals, and avoidable downstream costs.

AI shifts that dynamic from retrospective reporting to real-time, decision-ready insights. Instead of relying on static dashboards or specialized analytics teams, organizations are using AI models to surface patterns, risks, and opportunities as conditions change. This enables faster, more confident action across the enterprise.

MAKING IT HAPPEN:

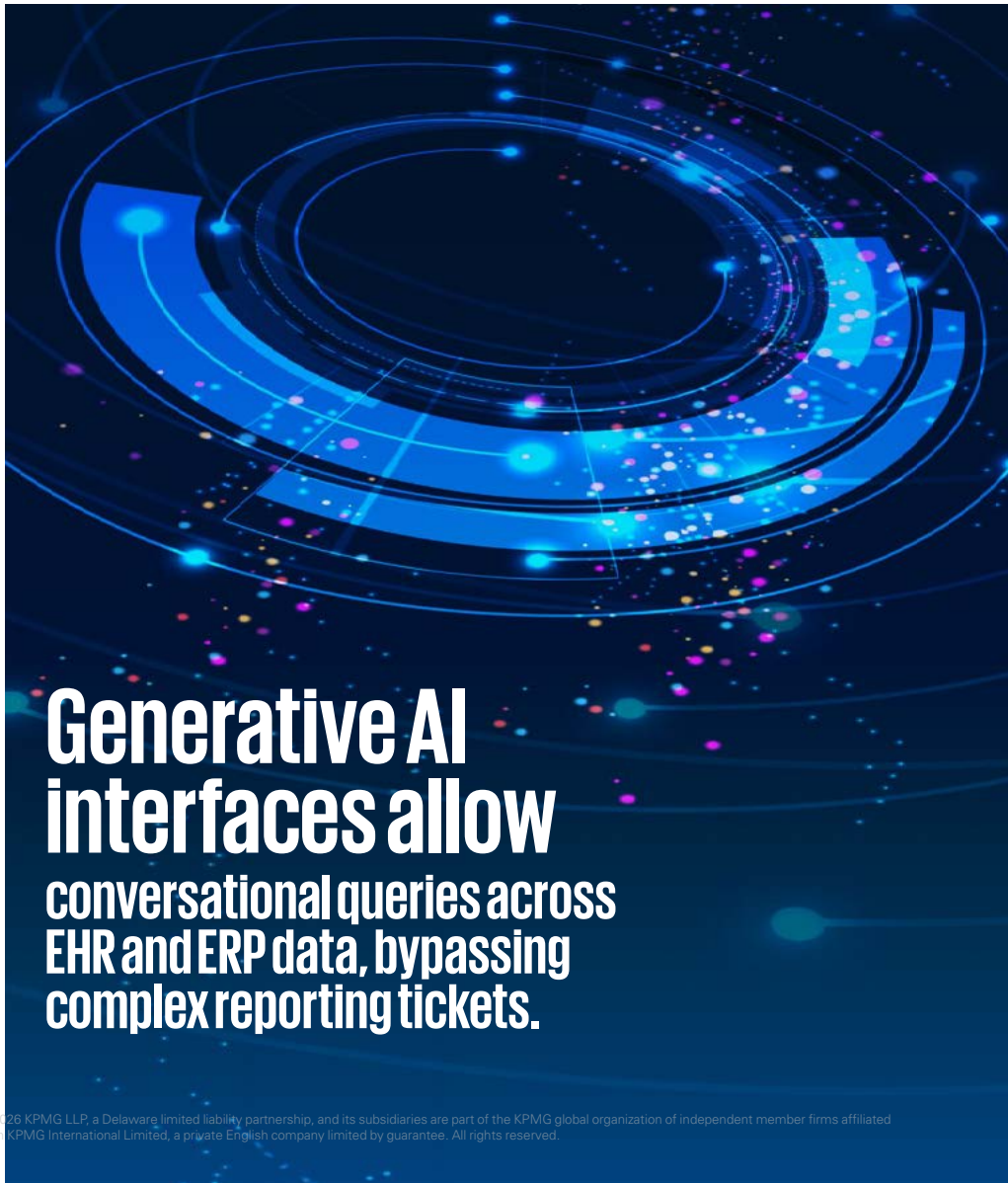
- Generative AI interfaces allow conversational queries across EHR and ERP data, bypassing complex reporting tickets.
- Predictive analytics forecast demand, staffing needs, and revenue exposure to inform rapid adjustments.
- Automated data lineage governance ensures AI outputs are trusted and auditable, preserving data integrity.

Building these capabilities internally requires expensive, specialized data science teams that can take months (at best) to stand up. A managed data model helps providers tap this firepower sooner, turning data insights into a service that scales across clinical and operational functions.

OUTCOMES WE HAVE SEEN:

- Dramatically improved insights delivered in minutes rather than days, with automation of up to 70 percent of reporting workflows.
- Rapid realization of revenue optimization opportunities, including $17 million in supply chain savings via spending and rebate analytics.
- Greater confidence in data-driven decisions at the executive and board level.

ONE THING TO GET RIGHT: Insight generation is only as strong as the underlying data. Fragmented or inconsistent data will limit trust and adoption of AI-driven outputs.



OPPORTUNITY #5:

Build a smarter, more adaptive workforce

People remain healthcare's most critical—and constrained—resource. Providers face persistent challenges (shortages, turnover, demand), but traditional workforce strategies have struggled to keep pace. AI is enabling providers to elevate the workforce by improving how staff are supported, deployed, and developed.

By embedding intelligence into daily workflows and workforce planning, organizations are increasing productivity, reducing burnout, and building resilience within their current organizational structures.

MAKING IT HAPPEN:

- Workforce analytics predict shortages and enhance staffing mixes based on patient volume.
- Generative AI tools reduce the clinical documentation burden and administrative load for frontline staff.
- Intelligent scheduling and task allocation tools better align skills with demand.
- Managed digital workforce models extend capacity safely and transparently by handling administrative workflows in HR and IT.

Rather than treating workforce challenges as a perpetual hiring problem, providers are deploying AI agents to absorb more of the administrative workload—and improve the productivity and satisfaction of their core teams.

OUTCOMES WE HAVE SEEN:

- Improved workforce productivity and resilience.
- 50 percent reduction in time to hire through AI-enabled workforce planning and onboarding optimization.
- Higher retention across clinical and non-clinical roles.

ONE THING TO GET RIGHT: Workforce augmentation depends on adoption. AI tools must be integrated into daily workflows and supported by training to deliver sustained value.

How providers can move forward now

The path from AI investment to measurable returns starts with disciplined execution and a clear-eyed view of how value will be generated and sustained under today's constraints. Providers that are making progress tend to follow a pragmatic sequence:

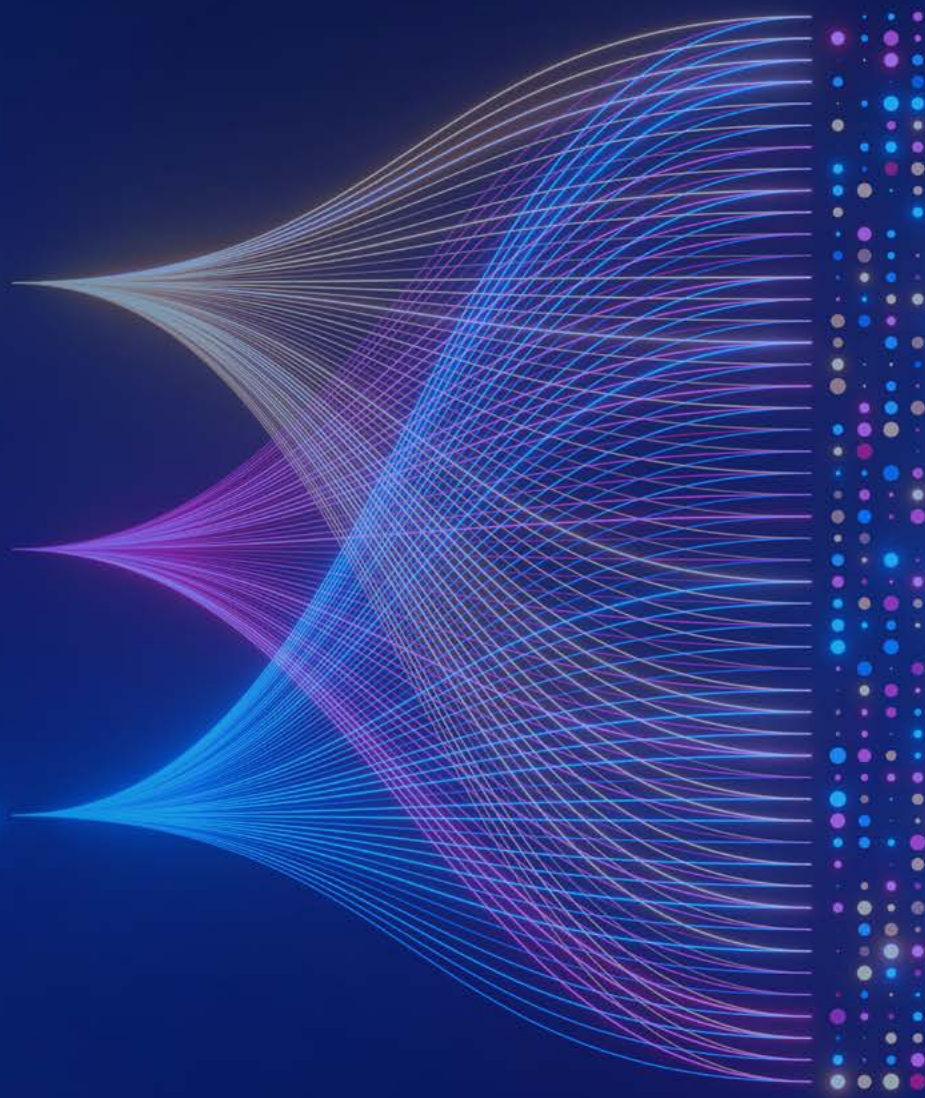
- **Start where pressure is highest and ROI is fastest:** Focus on access, revenue, administrative load, insight, or workforce friction—areas where gains can be measured quickly and tied directly to capacity, cash flow, or productivity.
- **Design initiatives to fund themselves:** Prioritize use cases where reclaimed capacity, accelerated reimbursement, avoided hiring, or reduced rework can help finance continued deployment.
- **Lead with delivery models that reduce execution risk:** Access proven AI capabilities through service-based approaches to assess impact before committing to broader scale.
- **Embed trust from day one:** Treat governance, explainability, and data protection as prerequisites that allow AI to move into operations and stay there.
- **Scale what works—and *only* what works:** Expand investment based on demonstrated outcomes, not hopes and ambitions.

AI doesn't become ROI all at once. It drives bottom-line results when providers treat it as an operating lever: applied deliberately, funded pragmatically, and scaled with discipline. The leaders aren't waiting for more capital or clearer signals. They're acting now, proving value fast, and letting results—not hype—determine what comes next.

How KPMG can help

KPMG LLP helps healthcare providers turn AI ambition into measurable results by focusing on execution models that deliver value quickly, safely, and at scale. Our approach combines deep provider experience, advanced analytics, and managed delivery to help organizations move from pilots to performance. Our services include:

- **Access and experience optimization:** We help providers improve patient access and experience through advanced analytics and AI-enabled accelerators, including access analytics, demand forecasting, and workflow optimization. These capabilities help reclaim capacity, reduce friction, and improve patient engagement.
- **Revenue cycle modernization:** We support AI-enabled revenue cycle transformation by applying predictive analytics, intelligent automation, and performance dashboards across authorization, coding, denials, and follow-up processes—helping providers stabilize cash flow and improve yield.
- **Digital workforce solutions:** KPMG helps organizations extend capacity and relieve workforce pressure through managed digital labor and intelligent automation across back-office and operational functions.
- **Trusted AI framework:** Our Trusted AI approach embeds governance, explainability, compliance, data protection, and cyber resilience into every stage of AI deployment—enabling providers to scale AI confidently across clinical, operational, and financial domains.
- **Ecosystem and alliance enablement:** We work closely with leading technology platforms to integrate AI into existing provider environments, including Epic, Microsoft, Oracle, Salesforce, and ServiceNow—helping clients accelerate value without replatforming.



About the team

Our healthcare AI and digital transformation team brings together strategy, clinical operations, data science, and technology specialists with deep experience across hospitals, health systems, and provider networks. Our team works side by side with clients to design, deploy, and scale AI-enabled solutions that address real operational pressure—balancing innovation with execution discipline, trust, and financial sustainability.

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Michael leads KPMG's Patient Access and Revenue Operations practice focused on helping clients remove friction from the patient experience across the care continuum and revenue operations environment. He is actively assisting providers develop customer focused strategies and solutions to differentiate experience by leveraging digital tools, analytics and process transformation. KPMG's work is driving significant improvement for clients including: increased volume, high clinician productivity, better satisfaction scores and more efficient ambulatory and inpatient operations.

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Ododo is a transformation architect and leader with over 23 years of experience in the healthcare industry working across health systems, health plans and health consumer/ retail businesses. His primary focus is driving financial sustainability, operating margin improvement and operating model transformation for healthcare enterprises. As a strategic business advisor to executive management, Ododo brings market leading insights and specializes in assisting organizations with their growth and financial performance imperatives.

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