



BUYER'S GUIDE

Choosing a Provider Compensation Platform in an AI-Enabled World

A practical evaluation guide for healthcare leaders considering provider compensation platforms in the age of AI.



Table of Contents

I. Executive Summary	3
II. What Is Provider Compensation Automation?	3
III. Who Does Provider Compensation Automation Impact?	4
IV. Why It Matters	4
V. Is Your Organization Ready?	5
VI. What to Look For in a Solution	5
VII. The Role of AI in Provider Compensation Management	6
VIII. Questions to Ask Every Vendor	8
IX. Evaluation Pitfalls to Avoid	11
X. Setting Expectations for Success	11

I. Executive Summary

Provider compensation has become one of the most complex, high-risk operational functions within healthcare organizations. Manual processes, fragmented systems, and increasing regulatory scrutiny create unnecessary cost, compliance exposure, and administrative burden.

Provider compensation automation addresses these challenges by centralizing documentation, calculations, approvals, and reporting across all provider compensation models: administrative, productivity-based, and performance-driven. When implemented correctly, these systems improve accuracy, transparency, and governance while significantly reducing manual effort.



Increasingly, artificial intelligence is accelerating these gains, surfacing anomalies before they become errors, predicting compensation trends, and enabling teams to move from reactive processing to proactive management.

This guide is designed to help healthcare leaders understand what provider compensation automation is and whether their organization is ready; identify what capabilities truly matter when assessing solutions, including AI; and avoid common pitfalls during vendor evaluation and internal buy-in. It's an evaluation-focused resource built on real-world experience working with hospitals of all sizes.

II. What Is Provider Compensation Automation?

Provider compensation automation refers to technology that documents, calculates, governs, and audits all forms of provider compensation — accurately and consistently — in accordance with contractual terms, compensation plans, and regulatory requirements.

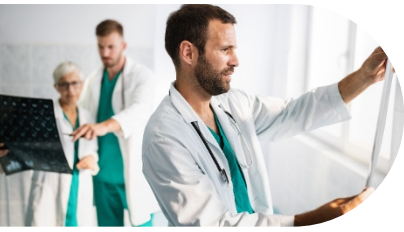
These systems serve as the operational layer between provider contracts and downstream payroll or AP systems, replacing spreadsheets, disconnected tools, and paper-based workflows with a single, centralized source of truth.

A modern platform supports:

- Productivity-based compensation (wRVUs, collections, quality incentives, tiered schedules)
- Administrative and professional services (medical directorships, on-call, teaching, co-management)
- Mixed-model arrangements (providers with both productivity and administrative compensation)
- Complex calculations, caps, and mid-year reconciliations
- Structured approvals and full audit trails
- Enterprise-wide reporting and compensation spend visibility
- Anomaly detection, forecasting, and AI-powered decision support

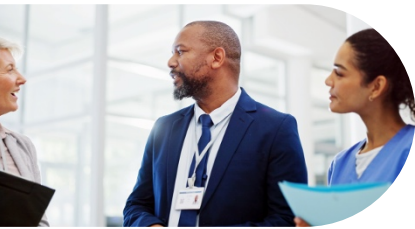
A true automation platform is the system of record for provider compensation. It covers the full lifecycle, from contract execution through calculation, approval, and payment. AI is extending those capabilities by supporting proactive risk management and longer-term planning.

III. Who Does Provider Compensation Automation Impact?



Providers

Providers gain transparency into how they're paid, visibility into historical compensation, and streamlined ways to document work. Modern platforms give providers personalized, real-time summaries of their compensation trajectory, reducing questions, disputes, and administrative back-and-forth. When physicians can check their own productivity data at any time, there are fewer questions and fewer escalations.



Administrative and Compensation Teams

Automation eliminates manual calculations, spreadsheet dependencies, and the risk of losing critical process knowledge when key people leave. AI adds another layer of oversight by flagging anomalies, surfacing exceptions that require human review, and automating routine documentation, freeing teams to focus on higher-value work.



Finance, Compliance, and Legal

Centralized documentation, audit trails, and contract-aligned calculations reduce compliance risk and strengthen governance. AI-enabled platforms can monitor compensation data around the clock, flagging patterns that might indicate a compliance issue before it becomes a larger problem. For CFOs and finance teams, this also means real-time visibility into total provider compensation spend rather than point-in-time estimates from manual reporting.

IV. Why It Matters

At scale, manual compensation processes introduce measurable risk. A single provider payment can involve dozens of steps across multiple systems, handoffs, and approvals. When multiplied across hundreds or thousands of providers each month, small inefficiencies or errors can quickly add up.

Manual, spreadsheet-driven processes are particularly vulnerable. Industry research consistently shows that the vast majority of operational spreadsheets contain errors — a serious concern when those tools are used to calculate provider compensation, enforce contract limits, or support audits.

Organizations that automate their provider compensation processes experience:

- Fewer payment errors and overpayments
- Stronger compliance and audit defensibility
- Administrative time savings of 30–50% or more
- Increased provider trust and satisfaction
- Clear, enterprise-wide visibility into total provider compensation spend

For most organizations, ROI is driven by cost avoidance, efficiency gains, and improved governance, not automation for automation's sake. AI amplifies each of these benefits by enabling earlier intervention, smarter resource allocation, and more informed leadership decisions.



Reference benchmark

Ludi clients report an average first-year ROI of 5x and an 80% reduction in administrative time. Across our network of 17,000+ providers and 50,000+ provider agreements, the pattern is consistent: the largest gains come in the first six months, driven by elimination of manual reconciliation and error correction.

V. Is Your Organization Ready?

Use the checklist below to assess readiness. If you answer "yes" to several of these questions, your organization is likely ready for provider compensation automation.

- ☐ Do you manage multiple provider compensation models or contract types?
- ☐ Are calculations performed manually or in static spreadsheets?
- ☐ Do you rely on institutional knowledge held by one or two individuals?
- ☐ Have providers ever questioned or disputed their payments?
- ☐ Would it be difficult to respond quickly to an audit request?
- ☐ Do you lack real-time visibility into total provider compensation spend?
- ☐ Are approvals handled via email, paper, or informal workflows?
- ☐ Do you have limited ability to forecast compensation spend or model contract changes?
- ☐ Would earlier detection of payment anomalies meaningfully reduce your risk exposure?

If your organization is struggling with complicated compensation processes, manual work, or risk, automation can help. An AI-enabled platform can start improving visibility and control right away.



VI. What to Look For in a Solution

Not all solutions are built to handle the full reality of provider compensation. A true enterprise-grade platform should deliver depth, flexibility, and governance across the following areas:

Accurate, flexible wRVU and productivity calculation

wRVU-based compensation sounds simple until it isn't. Tiered productivity schedules, threshold bonuses, quality incentive overlays, reconciliation of earned versus paid — these require a calculation engine that's accurate and configurable. Ask specifically how the platform handles MPFS year-over-year changes, how it manages mid-year compensation plan amendments, and whether providers can see their own productivity data in real time.

Also ask about budgeting and forecasting: can finance model projected compensation spend based on current productivity trends? Can they run scenarios before finalizing a new compensation plan? These capabilities matter to CFOs and are often an afterthought in vendor demos.

Depth in time-based and administrative arrangements

Some platforms handle wRVU-based productivity reasonably well. Fewer handle the full complexity of time-based arrangements: medical directorships, on-call coverage, teaching appointments, co-management agreements, or even locum tenens. These carry the highest compliance risk because they require documented evidence that services were actually performed. If your organization has a significant volume of administrative or professional service contracts, make sure to pressure-test this capability in any demo, in addition to the wRVU workflow.

Support for mixed-model compensation

Many physicians are paid several different ways, for example, a base salary plus a wRVU productivity bonus plus an administrative stipend for a directorship role. The platform you choose needs to handle it all in one place. Switching between disconnected systems to manage different compensation components is exactly the kind of fragmentation that automation is supposed to eliminate.

Built-in compliance (not just claims)

Every vendor says their platform is compliant, but what matters is whether compliance is built into the system or added after the fact. A serious compliance architecture includes automatic FMV threshold alerts before payments are processed, cap enforcement that prevents overpayments at the contract level, and an audit trail that documents not just what was paid but who approved it, when, and under what contract terms. HITRUST or SOC 2 certification matters here too — not as a checkbox, but as evidence that the vendor's security practices have been independently verified.

User experience — for both providers and administrators

For providers: intuitive tools aligned to clinical workflows, clear visibility into historical payments and documentation, and plain-language compensation summaries and projections. Providers who can clearly see where they stand against productivity thresholds and administrative caps are less likely to dispute their compensation.

For administrators: automated calculations with transparent logic, streamlined approvals and exception handling, anomaly flags, and searchable repositories for providers, contracts, and payments. If the administrative experience requires extensive training or workarounds, adoption will stall.

Reporting, analytics, and integration

Standard and configurable reporting across enterprise, market, and provider levels. Trend analysis and forecasting. And critically — a clean, reliable handoff to payroll or AP systems. A platform that generates accurate calculations but exports them via CSV to be manually entered downstream hasn't solved the problem; it has just moved it.

VII. The Role of AI in Provider Compensation Management

AI represents the next meaningful evolution in provider compensation management. Not as a replacement for human judgment, but as a force multiplier for the teams responsible for accuracy, compliance, and strategic decision-making. Where traditional automation executes defined rules reliably, AI goes further: it learns from patterns, identifies what rules alone might miss, and surfaces insights that improve outcomes over time.



A note on AI claims

Not all AI features in provider compensation platforms are created equal. Some vendors use the term loosely to describe basic rule-based automation. Others are building genuinely intelligent systems that learn from your data. The subsections below — and the questions in the vendor evaluation section — are designed to help you tell the difference.

Anomaly detection and payment integrity

One of the most immediate AI applications is identifying irregularities that manual review would likely miss. AI models can continuously scan compensation data to flag payments outside expected ranges, duplicate or near-duplicate submissions, compensation trends inconsistent with contract terms, and outlier productivity patterns that may signal data entry errors or attribution issues. Rather than discovering a problem after a payment has been made — or worse, after an audit — AI-powered anomaly detection allows teams to intervene proactively.

Intelligent forecasting and compensation planning

AI-driven forecasting gives finance and compensation teams the ability to model future spend with greater confidence by analyzing historical wRVU trends, seasonal productivity patterns, contract escalation schedules, and workforce changes. This is particularly valuable during budget cycles, physician recruiting, and contract renegotiations — allowing leadership to make data-informed decisions rather than relying on point-in-time estimates or manual projections.

Contract intelligence and compliance monitoring

AI can assist in extracting and interpreting key terms from provider contracts, reducing the time required to onboard new arrangements and ensuring that calculations are always aligned with current contractual language. Continuous compliance monitoring — rather than periodic reviews — allows AI-enabled platforms to track compensation arrangements on an ongoing basis against regulatory benchmarks and FMV thresholds, providing real-time alerts when arrangements approach or exceed defined limits.

Natural language interaction and provider self-service

Modern AI interfaces allow compensation administrators, finance leaders, and providers to interact with compensation data without requiring deep system expertise. Natural language query capabilities let users ask questions directly and receive accurate, contextual answers — without navigating complex reporting menus or submitting IT requests. For providers, AI-powered self-service tools can deliver plain-language explanations of how their compensation was calculated and what their projected earnings look like over the remainder of the year.

What to evaluate when vendors claim AI

- **Explainability** — Can the system explain why it flagged an anomaly or generated a forecast? Black-box AI is a liability in a regulated environment.
- **Data requirements** — Does the AI require years of clean historical data to function, or can it add value during and shortly after implementation?
- **Human oversight** — Are AI-generated outputs clearly distinguished from system-confirmed data, and do workflows preserve human review before action is taken?
- **Auditability** — Are AI-driven recommendations logged in the audit trail alongside human approvals?
- **Regulatory alignment** — Is the AI designed with healthcare compliance requirements in mind, or is it a general-purpose tool applied to a healthcare context?

AI in provider compensation should augment human expertise, not replace the judgment behind it. The strongest implementations pair intelligent automation with experienced compensation professionals who can validate, contextualize, and act on AI-generated insights.



VIII. Questions to Ask Every Vendor

Most organizations evaluate vendors by checking off features. That's a fine starting point, but it misses the more important questions: How does the platform actually perform once it's live? What does the vendor relationship look like after implementation? The answers matter, but so does how vendors respond when those answers aren't straightforward.

When evaluating AI capabilities specifically, ask vendors to demonstrate using realistic — or ideally your own — data. Written materials rarely capture the true depth or limitations of a system, and AI features in particular are difficult to assess from documentation alone.

1.

Show me how you handle a wRVU productivity model — and a medical directorship.

Ask for both in the same demo. For the wRVU model: How does productivity data flow in from the source system? How does the platform apply tiered thresholds? How does a provider see their current attainment in real time? For the medical directorship: How does a physician log time? How is it reviewed and approved? How does the system enforce the contracted hourly rate and annual cap? Most platforms handle the wRVU workflow without much trouble. Watch how vendors navigate the time-based workflow, and whether a provider with both compensation types gets a single, unified view.

Why it matters: Many physicians are paid under both models simultaneously. A platform that handles one well but requires workarounds for the other isn't built for how health systems actually pay their providers.

2.

What specific AI capabilities does your platform offer — and what problems do they solve?

Ask vendors to describe a specific AI feature, the problem it solves, and how it works. Push past general answers about "machine learning" or "intelligent automation." Look for anomaly detection, predictive forecasting, continuous compliance monitoring, or natural language reporting. Ask what the model is trained on, how it handles new or sparse data, and how it improves over time. Then ask to see it in a demo.

Why it matters: AI is one of the most overloaded terms in enterprise software today. The gap between vendors who have meaningfully integrated AI and those who are rebranding existing automation is significant, and you need to understand it before you sign.

3.

How does your platform handle Stark Law and Anti-Kickback compliance?

This shouldn't be a vague answer. You want to know: Does the system flag arrangements approaching FMV thresholds before payment is processed? Does it enforce caps at the contract level so overpayments can't occur? Does it maintain documentation of services rendered in a way that would hold up in an audit? "Compliance-friendly" isn't good enough. You want to know exactly how the system prevents violations, not just whether it can generate a report afterward.

Why it matters: Stark Law violations can result in significant financial penalties and repayment obligations. This is one area where the platform's architecture determines your actual exposure.

4.

What does your implementation process look like?

Get specific. How many weeks for each phase? Who is your vendor point of contact, including their name and role? What documentation do they need from you, and when? What are the most common bottlenecks that can affect the implementation timeline, and what is the vendor's plan for addressing them? Be skeptical of any vendor who promises a fast implementation without asking detailed questions about your data, systems, or compensation model complexity. Speed isn't the primary goal. Accuracy is.

Why it matters: A failed or prolonged implementation is expensive and erodes internal trust. How a vendor approaches implementation tells you a lot about how they'll behave as a long-term partner.

5.

Who owns the relationship after go-live?

Implementation and account management teams are often made up of different people. Once the software is live, who's your primary contact? How frequently will you meet? What does ongoing support look like, quarterly check-ins or reactive tickets only? Ask to speak with a client who's been with the platform for more than two years and ask them the same questions.

Why it matters: Many vendors are attentive during the sales process but absent afterward. The post-go-live relationship is where these partnerships succeed or fail.

6.

What security certification do you hold — and can I see the report?

SOC 2 Type II and HITRUST i1 are the standard benchmarks for enterprise healthcare software. SOC 2 evaluates general security controls. HITRUST is specific to healthcare data and is considered the more rigorous standard for organizations with PHI exposure. A vendor who can't produce a current certification, or deflects with "we're working toward it," is a red flag.

Why it matters: Provider compensation data touches employment records, financial data, and sometimes clinical activity. You need documented evidence that it's protected, not just a vendor's word.

7.

Can I speak with a current client at a similar organization?

Not a name from a case study — an actual reference call with a peer who will give you an unfiltered view of what the implementation was like, what support looks like day-to-day, and what they'd do differently. If a vendor hedges on this — citing NDAs, or suggesting they'll "find someone," but never follow through — that's worth noting.

Why it matters: References are the most reliable signal when every vendor shows up with a polished pitch. A vendor who's confident in their client relationships makes this easy.

8.

What happens when something goes wrong?

Not if — when. Ask how the support model works: Is there a dedicated account team, or a general support queue? What's the SLA for a payment processing issue? Who do you call at 4pm on a Friday when something is broken? Ask this question early and watch how quickly they have a clear answer.

Why it matters: Provider compensation runs on a payment cycle. Errors have real deadlines. You need to know your escalation path before you're in a situation where you need it.

9.

How configurable is the platform — and who does the configuring?

There's a meaningful difference between a platform where your admin team can change compensation models without involving the vendor, and one where every change requires a support ticket and a wait. Ask specifically: If we add a new compensation model next year, what does that process look like? Who touches it, and how long does it take?

Why it matters: Compensation models evolve. Organizations add service lines, renegotiate contracts, and shift to value-based models. A platform that requires vendor involvement for every configuration change creates a bottleneck that compounds over time.

10.

What does your pricing look like over three years — including everything?

Sticker price is rarely the whole story. Ask for a detailed three-year cost model, not just Year 1 pricing. Understand what triggers additional fees: new compensation models, integration additions, provider count growth, or added modules. Ask whether AI features are included or priced separately. Ask about implementation costs, training, and what ongoing support is bundled versus billed.

Why it matters: Total cost of ownership is rarely visible in a first conversation. Surprises in Year 2 or 3 are a common complaint in this market — and they're almost always avoidable by asking the right questions upfront.

11.

What does your product roadmap look like over the next 12 months?

You're not just buying what the platform does today. You're buying into a development trajectory. Ask what's coming, what's been deprioritized, and how customer feedback influences the roadmap. If the answer is vague or the roadmap hasn't changed in two years, that's a signal. Pay particular attention to how they're investing in AI capabilities.

Why it matters: The regulatory environment around provider compensation keeps evolving — MPFS updates, value-based care expansion, changing FMV benchmarks. You want a vendor actively investing in keeping pace.

IX. Evaluation Pitfalls to Avoid

Don't let the demo drive the decision

Demos are controlled environments. Every vendor looks good in a demo. The questions in this guide are designed to surface what happens outside of one. Prioritize live demonstrations using realistic scenarios and real-world contract configurations over RFP responses alone.

Don't evaluate on a single compensation model

Most vendors demo wRVU-based productivity fluently — that's the easy one. If your organization also has significant administrative arrangements, on-call programs, or mixed-model physicians, test those workflows explicitly. The gap between what a platform can do and what it does well is often widest in time-based arrangements.

Don't underestimate change management

The platform is only part of the implementation. Getting your compensation team, finance team, and providers to actually use it correctly is a separate challenge. Ask vendors how they support that transition — what training, documentation, and adoption support is included in the contract.

Be cautious of vendors who compete on speed alone

A fast implementation that cuts corners on configuration accuracy or data migration will cost more to fix than a thorough one would have cost to do right. Be especially skeptical of AI implementation timelines that sound too good to be true — AI systems that learn from your data need time and clean inputs to deliver value.

X. Setting Expectations for Success

Provider compensation automation is powerful – but it isn't simple. Successful implementations account for data quality and contract standardization upfront, clean integration with existing HR, EMR, and finance systems, meaningful change management and training for all user groups, and — for AI-enabled platforms — model readiness and ongoing performance monitoring.

Be cautious of solutions that promise unrealistically fast deployments or that position AI as a fully autonomous replacement for experienced compensation professionals. Long-term success depends on accuracy, scalability, and governance — not speed or novelty alone. The strongest implementations are those where intelligent automation and human expertise work together.



About Ludi

Founded in 2012 and HITRUST i1 certified, Ludi is the enterprise standard for physician compensation management, trusted by the nation's largest and most complex health systems — with billions of dollars in provider payments processed annually. Our platform integrates financial, performance, and quality data to automate and optimize the full provider compensation lifecycle, reducing compliance risk, improving efficiency, and elevating provider satisfaction across a network of 50,000+ providers with most clients seeing 5–6x ROI.

5X

Average first-year ROI

80%

Reduction in admin time

\$ Billions

in payments processed

Ready to see Ludi in action?
Schedule a conversation with our team.

Start the conversation →

ludiinc.com

This guide was prepared by Ludi based on more than a decade of experience working with hospitals and health systems on provider compensation. The competitor comparison reflects Ludi's current assessment and should be independently verified. It is intended as an educational resource for healthcare leaders evaluating automation solutions.

