sprout.ai

The AI paradox in healthcare claims

Bridging the gap between customer expectations and attitudes toward AI

Content

Foreword from Roi Amir, CEO of Sprout.ai

The health insurance industry is at a turning point. Consumers today expect fast, fair, and transparent claims processing. These standards are shaped by the digital-first world they navigate daily. Yet, as our research reveals, the reality often falls short. Lengthy processing times, unclear decisions, and inefficiencies have widened the gap between expectation and experience, particularly regarding health-related claims where speed and accuracy are critical.

In health insurance particularly, these challenges are amplified by the sheer complexity of claims documentation—medical reports, treatment codes, provider notes, and prescriptions—all of which require careful review while containing sensitive personal information. Each claim represents not just a transaction but a patient's wellbeing, adding urgency to the need for both speed and accuracy. Additionally, insurers must conduct thorough fraud checks to protect the integrity of the system while balancing the need for prompt processing—a delicate equilibrium that traditional methods struggle to maintain effectively.

This disconnect is more than an operational issue, it's a direct challenge to consumer trust. Almost half of UK policyholders say they would switch providers due to long wait times, and a third worry about incorrect claim decisions. These frustrations are particularly acute in health insurance, where delays can cause undue stress at a difficult time. Insurers must act now to close this gap or risk losing consumer confidence.

Encouragingly, our findings show a growing shift in attitudes towards AI. While AI-driven claims processing was once met with skepticism, in 2025, the majority of consumers are open to it—provided it ensures speed, accuracy, and transparency. The opportunity is clear: AI can transform health insurance claims, offering faster resolutions, reducing errors, improving fraud detection capabilities, and enhancing the overall customer experience.

The future of health insurance claims is intelligent, responsive, and patient-centric. The question is no longer if insurers should embrace AI, but how quickly they can implement it to meet the evolving needs of their customers. For insurers failing to evolve, falling behind isn't a possibility, it's a certainty.

Overview

This report presents the findings of a study conducted by Ginger Comms, which surveyed **2,012 consumers across the UK and the US** to examine their experiences, concerns, and perceptions about healthcare insurance claims. The research highlights that consumers have strong expectations for fairness, efficiency, and transparency in claims processing. AI has the power to enhance all these areas, yet a gap remains in consumer understanding of its role. While many seek better claims outcomes, there is still a lack of awareness about how AI can facilitate this transformation.

However, when the benefits of AI are clearly communicated, consumer acceptance increases significantly. This reinforces our belief that bridging this gap requires greater education, transparency, and real-world demonstrations of AI's advantages. At Sprout.ai, our intelligent automation platform solution enables insurers to process claims faster and with greater accuracy, all while maintaining the human touch that customers value. By empowering insurers to meet consumer expectations efficiently, AI-driven solutions like Sprout.ai can drive real change in the industry.

The insurance sector serves a diverse customer base, spanning generations, regions, and levels of technological comfort. AI should not be a tool that excludes or alienates but rather one that enhances the claims experience for everyone, making the process more intuitive and accessible.

AI is already an integral part of daily life, from navigation apps to digital assistants, yet scepticism remains regarding its role in insurance. By demonstrating that AI can make claims processing faster and fairer—without removing human oversight—Sprout.ai is helping shift perceptions and foster wider adoption. Insurers that embrace AI-powered solutions will be better positioned to meet evolving customer expectations, improve loyalty, and reinforce trust in the claims process. Insurers around the globe that are already using Sprout.ai are realising the benefits of implementing an intelligent claims automation engine.

Read more:
Find out how global insurers are benefiting from Sprout.ai in our customer stories.

Key findings - UK

2012 respondents surveyed online between 19 and 24 Feb 2025

23% have had **sleepless nights worrying** about health insurance claims.

56% have experienced **wait times exceeding a month** for their insurance claims.

24% have experienced wait times **exceeding 6 months** for their insurance claims.

46% would prefer their data to be handled by **AI rather than a person.**

37% across all demographics say the **accuracy and fairness of outcome** is the top priority for health insurance claims across.

46% say that they would change provider as **due to long wait** for a claim.

32% say **delay** is the most common concern across all demographics when making a healthcare claim.

59% feel that automatic AI processing is **less affected by personal bias** compared to human processing.

38% would **trust an AI-driven system** for health claims if it follows **strict privacy rules.**

63% are willing to **undergo enhanced fraud checks** if it leads to **reduced premiums.**

Key findings - US

2012 respondents surveyed online between 19 and 24 Feb 2025

28% have had **sleepless nights worrying** about health insurance claims.

45% have experienced **wait times exceeding a month** for their insurance claims.

17% have experienced wait times **exceeding 6 months** for their insurance claims.

61% would accept an **AI-driven claims approval process** if it was completed in minutes rather than days.

35% of 18 - 24 year olds would **change provider** due to a long wait time.

50% across all demographics say the **accuracy and fairness of outcome** is the top priority for health insurance claims across.

13% prefer **human interaction** in health insurance claims.

44% would prefer their data **to be handled by AI** rather than a person given the sensitive/personal nature of some health claims information.

31% are the most common concern about **incorrect outcomes** when making healthcare claims.

37% would **trust an AI-driven system** for health claims if it follows **strict privacy rules, with young adults (18-24) showing the highest willingness at 45%.**

Understanding the complexity of health insurance claims

Processing health insurance claims efficiently and accurately comes with unique challenges. Health claims involve processing high volumes of non-standardised documentation. Each claim can contain hundreds of pages of documentation in varied formats, including receipts, invoices, medical reports, prescriptions, and doctors' notes.

The volume, variation and complexity of healthcare documentation presents several key operational challenges for health insurers:

Manual processing bottlenecks

Claims handlers typically spend **70% of their time** manually reviewing documentation rather than engaging with customers or making nuanced decisions. This means that claims handlers are increasingly leaving the industry, contributing to skills shortages, as **47% of handlers** find to be the most tedious part of their role. With the U.S. Chamber of Commerce anticipating that there will be more than 400,000 open positions unfilled within the next 15 years, insurers must find ways to improve job satisfaction and retention. Additionally, insurers are struggling to maintain or improve satisfaction scores as lengthy review processes contribute to claims delays.

Furthermore, with the majority of health insurance claims being reimbursement claims, delays due to bottlenecks lead to customers being out of pocket for longer periods of time. Understandably, this leads to frustration and as a result, customers may begin to lose confidence in the provider's ability to meet their needs and, ultimately, seek alternative providers.

Read more:
Customer experience - The claim handler's perspective

Discrepancies with out-of-network providers

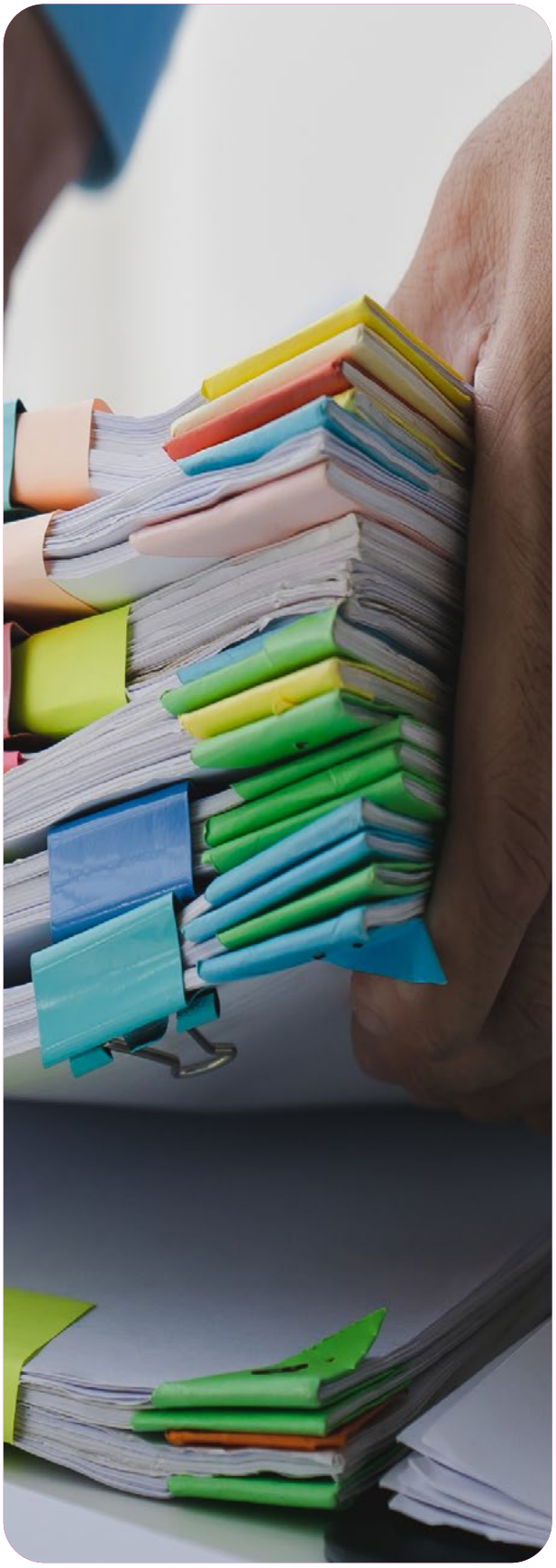
In-network providers typically follow standardised formats and may have integrated systems with insurers, creating relatively streamlined data flows. However, a challenge arises when it comes to out-of-network claims processing.

Out-of-network providers are numerous and diverse, each potentially sharing data in distinctly different formats without standardisation. This variability makes consistent processing extremely difficult using traditional methods.

Only sophisticated AI solutions can effectively read and interpret these diverse data formats consistently and generically, enabling insurers to process out-of-network claims with the same efficiency as in-network ones.

Data standardisation challenges

With hundreds of types of provider documents and various medical coding systems (such as ICD-10, surgery, and pharmacy codes) ensuring consistent interpretation requires substantial expertise and, if being processed manually, significant time. Both of which are limited in an industry struggling with skills shortages and growing customer expectations.



Sensitive data handling

Health claims contain highly sensitive personal and medical information, requiring strict compliance with data protection regulations like HIPAA (US) and GDPR (Europe).

High stakes decisions

In the US alone, health GWP (Gross Written Premium) is expected to reach around 1.76 trillion dollars in 2025. If we make the assumption that **70% of that is indemnity, a 1% reduction in indemnity costs would amount to over 11 billion dollars saved.** For insurers this means that a 1% error margin can prove extremely costly. Equally, reducing indemnity costs by 1% with AI-enabled claims processing presents an incredibly lucrative opportunity.

Resource constraints

The industry faces a shortage of skilled claims handlers, creating a bottleneck that further extends processing times. Insurers need to consider the job satisfaction of claims handlers and adopt strategies to encourage staff retention, as well as boost customer satisfaction and retention.

These complexities directly contribute to the gap between customer expectations and experience highlighted throughout this report.

The growing customer expectation vs reality gap

Consumers today expect a seamless, fast, and transparent claims experience, but in many instances, the reality falls short. Delays, inefficiencies, and a lack of communication from insurers are causing frustration, and, in some cases, driving customers to consider switching providers. Our research highlights a stark disconnect between what policyholders anticipate and what they actually experience.

What customers expect

- **Speed** – 43% of UK consumers believe an insurance claim should be processed within a week, while 37% expect it to take just a day.
- **Fairness and accuracy** – 50% of respondents say the most important factor in claims processing is the accuracy and fairness of the outcome.
- **Human interaction where appropriate**– While many consumers recognise AI's benefits, 27% still value human support in the claims process.

The current reality of claims

- **Long wait times** – 56% of UK respondents and 45% of US respondents have waited over a month for their claim to be processed.
- **Stress and anxiety** – 23% in the UK and 28% in the US have lost sleep over concerns about claim denials or delays..
- **Incorrect decisions** – 32% of UK consumers and 31% of US consumers are most concerned about receiving an incorrect claims decision.
- **Complex processes** – Only 1 in 5 surveyed customers found it easy to make a health insurance claim.

The consequences of this disconnect for insurers

- **Changing providers** – 46% of UK respondents say they would switch insurers due to long wait times.
- **Negative customer opinions** – 40% of US and 35% of UK respondents would have a more negative opinion of their insurer if they were subjected to claims delays.
- **Demanding more transparency** – Consumers are calling for clearer explanations on claim decisions and better communication from their insurers.

Changing consumer attitudes towards AI in claims

UK

Contrary to concerns about depersonalisation, our research demonstrates that customers are increasingly open to AI solutions that promise efficiency, accuracy, and improved claims experiences.

AI to eliminate claims delays

Over **half of respondents (59%)** would accept a fully AI-driven claims approval process if it meant their claim could be accurately processed in minutes instead of days. This overwhelming support signals a significant shift in consumer expectations, prioritising speed and precision over traditional manual processing.

Privacy and data protection are key

Privacy and fairness remain critical considerations. When asked about AI-driven claims processing, **38% of respondents** indicated they would embrace such a system, but only if strict privacy rules were followed. This nuanced perspective suggests that consumers are not categorically opposed to AI, but rather demand transparency and robust data protection.

AI is perceived as more ethical when it comes to bias

An impressive 59% believe AI processing isn't affected by personal bias, while **a third (33%)** appreciate that an AI system "won't judge" them. These insights reveal a growing recognition of AI's potential to provide more objective and consistent claims handling.

The majority of young people are happy with AI in healthcare claims

Most tellingly, **around half (46%) of respondents** expressed willingness to use AI claims processing "most of the time. Younger demographics (18-34 age groups) showed even greater enthusiasm, with almost **three-quarters (73%)** happy for AI to process their health claim.

AI as an enabler of positive customer experiences

The data also highlights key consumer priorities that AI can address. Respondents ranked **accuracy (37%), speed (27%),** and **positive experience (16%)** as their top concerns in claims processing. AI technologies are uniquely positioned to excel in these areas, offering rapid, precise, and consistent claims management.

US

Similarly, the US survey revealed a surprisingly receptive audience eager for faster, more efficient claims experiences.

Receiving an accurate decision is more important than the technology used to achieve it.

The most compelling evidence of this shift is that **61% of respondents** would accept a fully AI-driven claims approval process if it meant their claim could be accurately processed in minutes instead of days. This overwhelming majority demonstrates a clear consumer preference for speed and efficiency over traditional processing methods.

This growing consumer acceptance aligns with recent regulatory developments passed in the states of California and Arizona, which take a more nuanced approach to AI regulation, ensuring fairness of outcomes. These initiatives reflect a growing regulatory recognition that AI can enhance efficiency while requiring appropriate safeguards for sensitive health data. Sprout.ai is designed to allow insurers to leverage the benefits of AI without eliminating the human aspects of the claims process, which aligns with the intention of this legislation.

Privacy and bias concerns are more nuanced

Privacy and bias concerns, often cited as barriers to AI adoption, are nuanced. When asked about AI processing sensitive health claims, **37% of respondents** said they would trust an AI system if it followed strict privacy rules. Moreover, **17%** expressed outright trust in AI for claims processing, with **almost half (45%)** of younger respondents (18-24 age group) showing openness to automated processing.

The reasons behind this positive perception are interesting. Respondents highlighted key advantages of AI, including:

- **Elimination of personal bias** (59% believe AI isn't affected by human prejudice)
- **Objectivity** (30% appreciate that AI "won't judge" them)
- **Potential for increased confidentiality** (27% see AI as more private)

Improved experiences are key for AI acceptance

Speed is a critical factor driving AI acceptance in processing healthcare claims. When asked about their ideal claims processing time, **41%** expect claims to be processed in less than a week, while **36%** desire resolution in less than a day. AI presents a compelling solution to meet these expectations.

Notably, **54% of respondents** would even agree to enhanced fraud checks in the claims process if it meant reduced premiums, indicating a pragmatic approach to technological innovation.

Embracing AI may be key to engaging Millennial and Gen Z customers

The data suggests a generational shift, with younger demographics particularly receptive. Respondents aged 18-34 consistently showed higher comfort levels with AI-driven processes, signalling a transformative trend in consumer expectations.

How AI attitudes have changed from 2023 to 2025

In 2023, we conducted a similar customer survey looking at what consumers really thought about AI in claims processing. Since then, public understanding of and openness to AI generally has increased significantly, resulting in some interesting shifts in attitudes to AI in claims processing.

Trust and acceptance

In 2023, only **9% of customers** expressed a preference for insurers that leverage AI, with **36%** actively preferring insurers that don't use AI. By 2025, this has dramatically shifted, with **59% of UK respondents** and **61% of US respondents** now willing to accept fully AI-driven claims approval if it delivers accuracy and speed.

Speed expectations

While the 2023 report showed that **fairness (62%)** was valued more than **speed (57%)**, this most recent data indicates a growing impatience, with **43% of UK consumers** now expecting claims to be processed within a week and **37%** expecting resolution within just a day.

Demographic shifts

In 2023, **only 17% of 18-24-year-olds** and **19% of 25-34-year-olds** preferred AI-using insurers. However, responses in 2025 show a dramatic increase, with **73% of 18-34-year-olds** now comfortable with AI processing their health claims, suggesting a rapid generational shift in acceptance.

Read more:
Customer experience - The claim handler's perspective

Perception of bias

This survey revealed an increased understanding of AI's potential benefits regarding bias, with **59% of respondents** believing AI processing isn't affected by personal bias. This represents a significant evolution in perception since the 2023 report, which highlighted a general lack of trust in **technology-driven decision-making (43%)**.

Human interaction

The value placed on human interaction has remained relatively stable, with **27% of respondents** in the 2023 report valuing human interaction (rising to **32%** for those over 55), and current research still shows **27% of consumers** valuing human support in the claims process.

Willingness to switch providers

In 2023, only **25% of respondents** were likely or very likely to switch to an insurer offering faster, AI-assisted claims processing. By 2025, this willingness has increased dramatically, with **46% of UK respondents** saying they would switch insurers due to long wait times, suggesting speed has become a more decisive factor.

What this means for insurers

AI adoption is becoming a more pressing priority.

The dramatic increase in consumer acceptance of AI (**from 9% to ~60%**) indicates insurers should accelerate AI implementation strategies, as the market is now significantly more receptive than anticipated just two years ago.

A generation targeted approach may be advantageous.

With **73% of 18-34-year-olds** now comfortable with AI claims processing, insurers should design dual-track systems offering fully automated experiences for younger customers while maintaining human touchpoints for older demographics.

Speed is no longer a nice-to-have.

The shift from fairness being prioritised over speed (2023) to customers actively switching providers due to delays (2025) suggests that AI-driven processing speed is now a critical competitive advantage rather than just a nice-to-have feature.

Trust in AI is built through transparency.

The growing perception is that **AI reduces bias (59%)**, so insurers should actively promote how their AI systems enhance decision fairness and consistency while implementing transparent explanation mechanisms to address the remaining trust gap

The AI opportunity for insurers

The research findings reveal a significant opportunity for insurers to implement AI solutions in ways that align with evolving consumer expectations while delivering significant operational benefits. Far from being a threat to positive customer experiences, AI has the potential to achieve enhanced satisfaction, stronger fraud prevention, and more personalised service delivery across diverse customer segments.

Enhancing customer satisfaction through speed and accuracy

It is clear from our research that there is a considerable discrepancy between the speed of claims processing consumers expect and the typical time it takes for their claims to be processed. This is leading to increasing customer dissatisfaction, which will ultimately have an impact on customer retention. The ability of Sprout.ai to process claims in as little as 20 seconds with accuracy rates reaching **99%** means insurers can dramatically exceed these expectations.

For health insurers specifically, this speed advantage addresses a critical pain point. When processing complex medical documentation that would normally require extensive manual review, Sprout.ai's ability to recognise over 450 document types enables the system to rapidly extract and validate critical information from medical reports, invoices, and provider notes. This translates to quicker reimbursements for patients who are often waiting for significant out-of-pocket expenses to be covered.

The impact of Sprout AI on customer satisfaction scores:

The following are real results achieved by a Sprout.ai customer over 24 months.

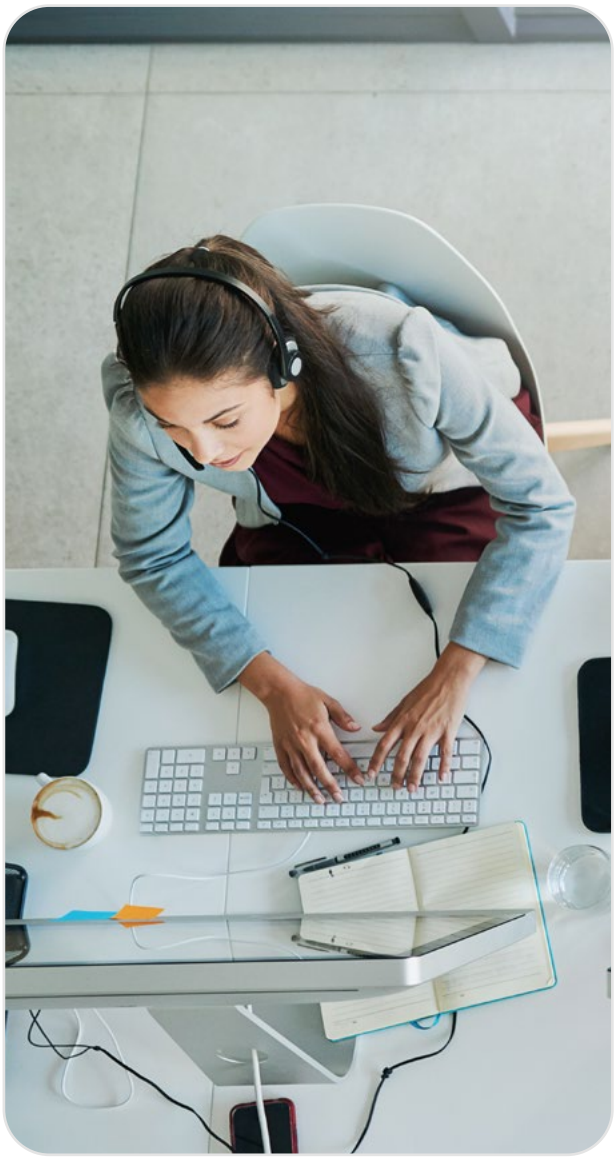
- **23% reduction** in claim turnaround time (TAT)
- **12% increase** in NPS score
- **19 % increase** in CSAT score

Reducing fraud while maintaining customer trust

54% of consumers asserted a willingness to accept enhanced fraud checks if it resulted in reduced premiums, this indicates a pragmatic stance that opens the door for insurers to implement more sophisticated AI-driven fraud detection without alienating customers. By communicating the dual benefits of fraud reduction, both protecting honest policyholders and potentially lowering premiums, insurers can position AI as a guardian of fairness rather than an intrusive technology.

Serving diverse customer demographics

With **73% of 18-34-year-olds** comfortable with AI-processed claims, insurers face a clear opportunity to establish automated systems now as this demographic becomes a larger portion of their customer base. By implementing AI ahead of this inevitable shift, insurers can establish automated processing as the status quo whilst audiences remain receptive, positioning themselves competitively as these digitally-native consumers mature into their prime insurance-buying years.



Strategic reallocation of human resources

By automating routine claims, insurers can redirect human expertise toward vulnerable customers and nuanced, sensitive claims where a human touch is most valued. This creates a more efficient allocation of resources—AI handles the high-volume, straightforward claims while human agents provide value where it matters most. The **27% of respondents** who specifically valued human support can receive enhanced service from staff no longer burdened with routine processing tasks.

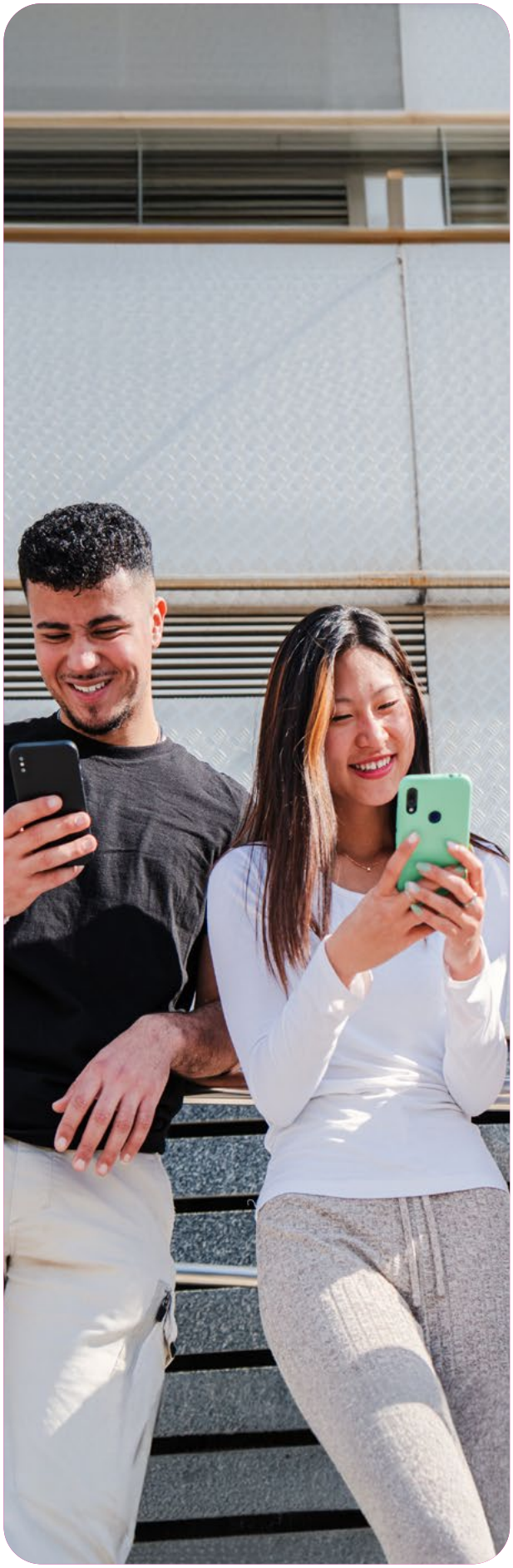
Building trust through transparency

With over **half (59%)** of respondents believing AI processing isn't affected by personal bias, insurers have an opportunity to position AI as an impartial arbitrator of claims. By clearly explaining how AI makes decisions and maintaining appropriate human oversight, insurers can leverage this perception to build trust while still delivering the speed and accuracy consumers demand.

Competitive differentiation

Early adopters of AI-enabled claims processing stand to gain a significant competitive advantage. As consumer acceptance continues to grow, particularly among younger demographics who will form an increasingly important customer base, insurers who have already established robust AI systems will be positioned to offer superior service at lower operational costs.

The research confirms that consumer attitudes toward AI in healthcare claims have evolved significantly. What matters most to consumers is not the technology behind claims processing but the outcomes it delivers: speed, accuracy, fairness, and appropriate human interaction when needed. Insurers who can deliver on these expectations through thoughtful AI implementation will find themselves well-positioned for future success.



How Sprout.ai addresses health insurance complexity

Sprout.ai supports health insurers by providing intelligent claims automation that is used by leading health insurers across the globe.

Policy and claim document intelligence

Sprout.ai recognises and processes hundreds of types of provider documents, automatically extracting and validating critical data regardless of format, including receipts, invoices, and medical reports. Furthermore, Sprout.ai is able to automatically standardise medical codes (such as ICD-10, surgery, and pharmacy codes), ensuring consistent interpretation across all claims.

Balancing speed and accuracy

Sprout.ai recognises and processes hundreds of types of provider documents, automatically extracting and validating critical data regardless of format, including receipts, invoices, and medical reports. Furthermore, Sprout.ai is able to automatically standardise medical codes (such as ICD-10, surgery, and pharmacy codes), ensuring consistent interpretation across all claims.

Comprehensive data analysis

Unlike manual processing that might focus on 1-2 data points, Sprout analyses all available documentation, considering regional treatment cost variations to identify discrepancies more effectively.

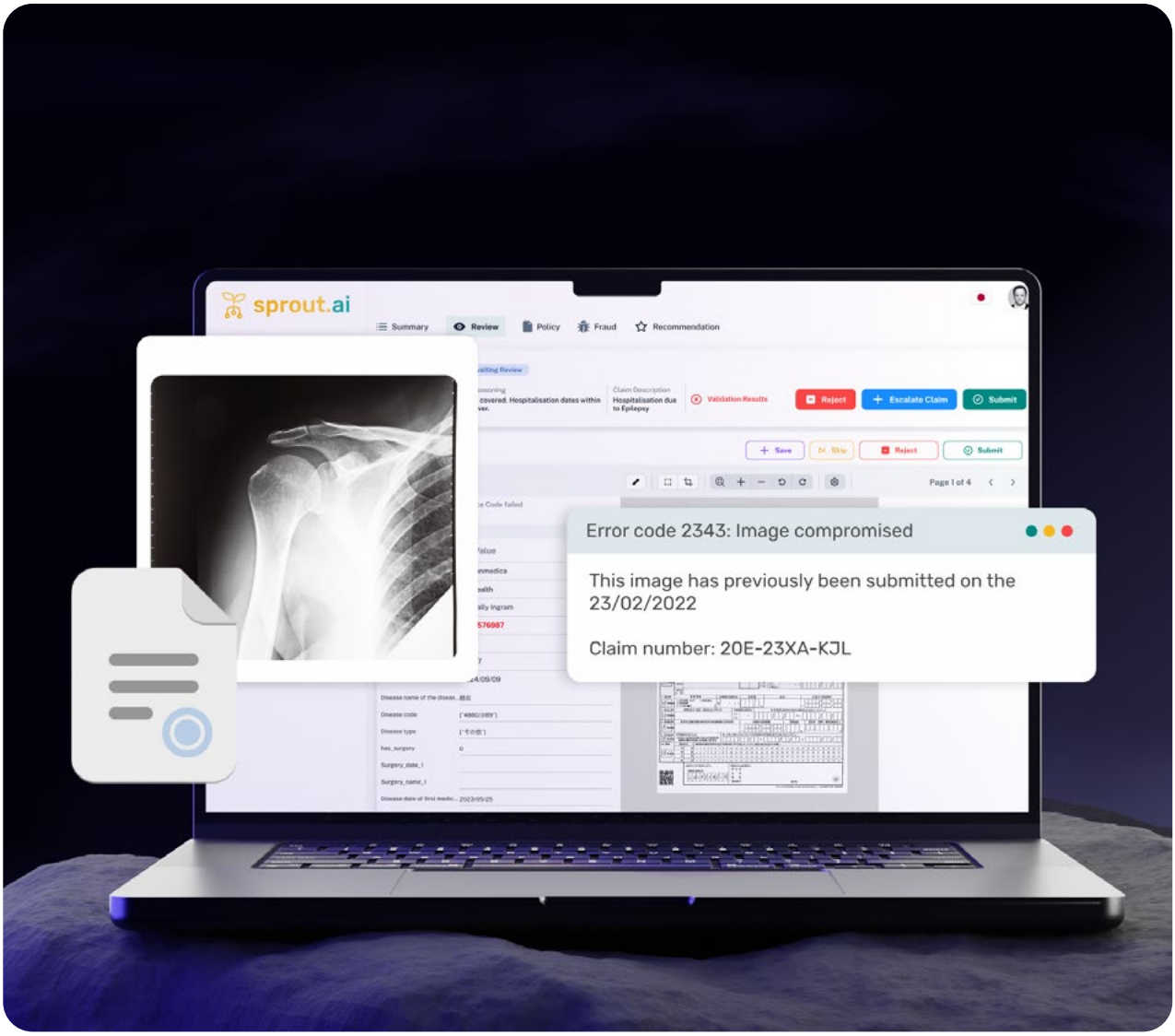
Transparent decision explainability

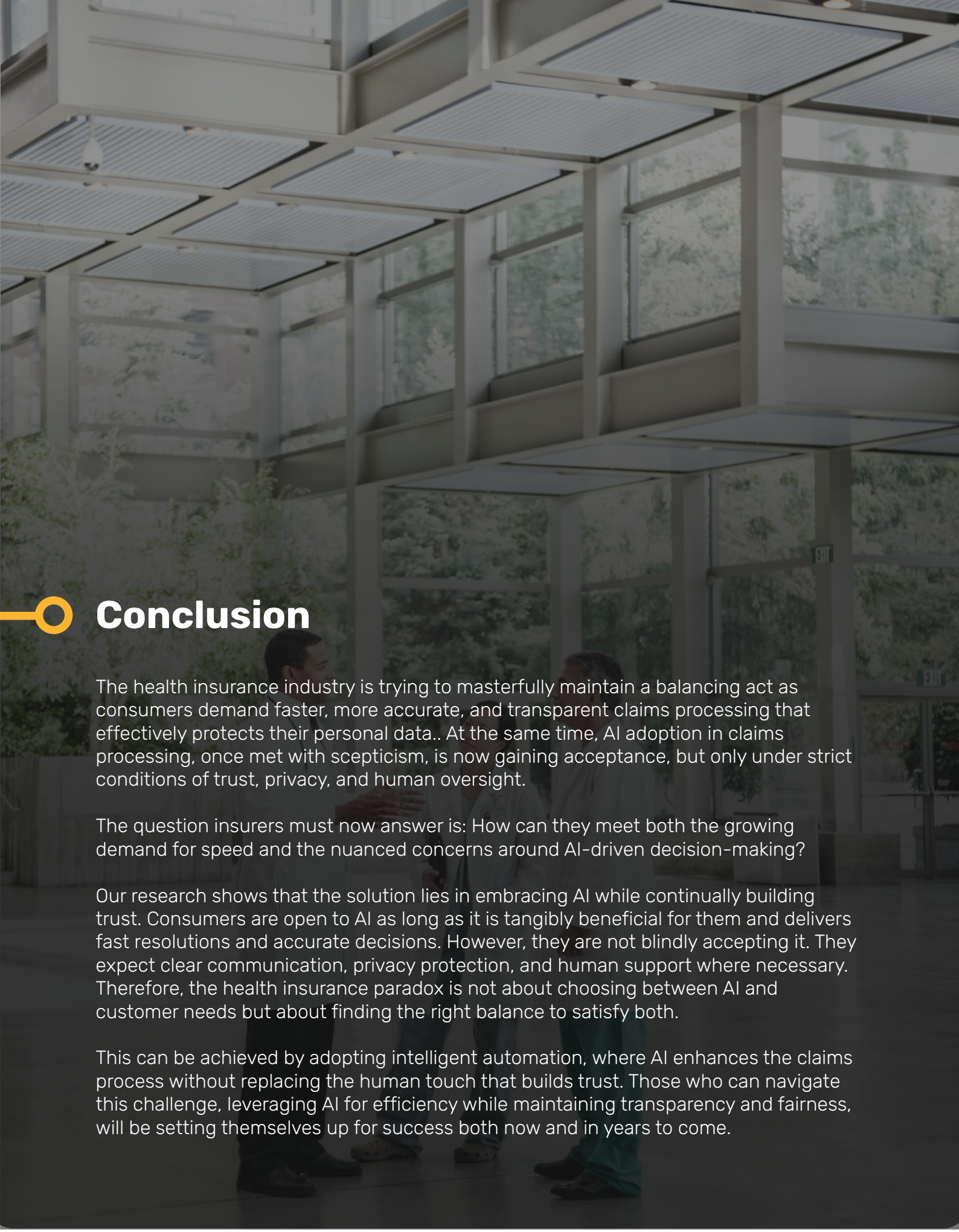
Sprout.ai provides clear explanations for how and why claims are adjudicated in specific ways. This transparency is crucial for both internal and external stakeholders: Claim handlers can review the AI's reasoning to ensure accuracy and compliance, while policyholders receive detailed justifications for decisions affecting their coverage.

This explainability builds trust in the system and significantly reduces the likelihood of disputes while also enabling continuous improvement of the decision making process.

Maintaining privacy and compliance

Sprout.ai handles sensitive personal and medical information with strict adherence to relevant data protection regulations.





Conclusion

The health insurance industry is trying to masterfully maintain a balancing act as consumers demand faster, more accurate, and transparent claims processing that effectively protects their personal data.. At the same time, AI adoption in claims processing, once met with scepticism, is now gaining acceptance, but only under strict conditions of trust, privacy, and human oversight.

The question insurers must now answer is: How can they meet both the growing demand for speed and the nuanced concerns around AI-driven decision-making?

Our research shows that the solution lies in embracing AI while continually building trust. Consumers are open to AI as long as it is tangibly beneficial for them and delivers fast resolutions and accurate decisions. However, they are not blindly accepting it. They expect clear communication, privacy protection, and human support where necessary. Therefore, the health insurance paradox is not about choosing between AI and customer needs but about finding the right balance to satisfy both.

This can be achieved by adopting intelligent automation, where AI enhances the claims process without replacing the human touch that builds trust. Those who can navigate this challenge, leveraging AI for efficiency while maintaining transparency and fairness, will be setting themselves up for success both now and in years to come.

About Sprout.ai

Sprout.ai is an award-winning technology solution for the insurance industry that has partnered with some of the world's major insurance companies and TPAs.

With the vision to "Make every claim better", Sprout.ai uses ground-breaking AI products to enable insurers to make every claim easy, fast and accurate. It extracts and enhances relevant claims data, cross-checks this with policies and applies the insurance carrier adjudication philosophy to assist the claim handler and conclude claims in near real-time. Claims handlers have more time to spend with customers and provide that all-important human touch and empathy.