



Maryland
Hospital Association

House Bill 820 - Health Insurance - Utilization Review - Use of Artificial Intelligence

Position: *Support*

March 27, 2025

Senate Finance Committee

MHA Position:

On behalf of the Maryland Hospital Association's (MHA) member hospitals and health systems, we appreciate the opportunity to comment in strong support of House Bill 820.

The bill aims to regulate the use of artificial intelligence (AI), algorithms, and other software tools in utilization reviews conducted by health insurance carriers, pharmacy benefits managers, and private review agents in Maryland. It mandates that these tools must base their determinations on an enrollee's medical history, individual clinical circumstances, and other relevant clinical information, rather than solely on group datasets. The bill also ensures that AI tools do not replace the role of health care providers in the decision-making process. Additionally, it requires regular reviews and revisions of these tools to maximize accuracy and reliability, and it prohibits the use of AI tools to deny, delay, or modify health care services.

AI-powered tools are increasingly being used in utilization review processes to evaluate medical necessity, determine prior authorization approvals, and influence coverage decisions. AI has the potential to improve efficiency in these processes, but concerns remain regarding its accuracy, fairness, and ability to adequately address these challenges. HB 820 seeks to ensure that AI-driven decisions are evidence-based, transparent, and subject to appropriate oversight, addressing the risks associated with these practices.

Hospitals across Maryland have witnessed firsthand the challenges posed by opaque and automated denial processes, which can lead to unnecessary delays in care, high patient out-of-pocket costs, and increased administrative burdens for providers. Hospitals face significant financial strain and operational uncertainty as valuable clinical and administrative resources are diverted to contest inappropriate denials. From fiscal years 2013 to 2024, the total value of denied claims has more than tripled, reaching a staggering \$1.39 billion. In the past three years alone, commercial payer denials have surged, with emergency department denials rising 116%, and the corresponding dollar amount increasing by 117%. By enacting HB 820, Maryland can set a precedent for responsible AI integration in health care decision-making while prioritizing patient well-being and provider autonomy.

Maryland hospitals and health systems support HB 820's efforts to eliminate barriers to care. We look forward to our continued partnership with the state and the legislature to create sustainable solutions for access to affordable, comprehensive health care coverage.

For these reasons, we request a favorable report on HB 820.

For more information, please contact:

Jake Whitaker, Assistant Vice President, Government Affairs & Policy
Jwhitaker@mhaonline.org