

HB0820 - Senate_FAV_MedChi_HI - Utilization Review

Uploaded by: Danna Kauffman

Position: FAV



The Maryland State Medical Society
1211 Cathedral Street
Baltimore, MD 21201-5516
410.539.0872
Fax: 410.547.0915
1.800.492.1056
www.medchi.org

Senate Finance Committee

March 27, 2025

House Bill 820 – *Health Insurance – Utilization Review – Use of Artificial Intelligence*

POSITION: SUPPORT

The Maryland State Medical Society (MedChi), the largest physician organization in Maryland, supports House Bill 820. This bill requires a health insurance carrier, pharmacy benefit manager, or a private review agent that uses “artificial intelligence” (AI), algorithms, or other software tools for utilization review (including working through an entity that uses such tools) to ensure that such tools are used in a specified manner, such as ensuring that any utilization review decisions are still based on an enrollee’s specific medical or other clinical history and that the final decision must be made by a physician in the same specialty with clinical experience as the medical condition being reviewed. The bill also alters the information a carrier must submit in its quarterly adverse decisions and grievances report, including whether an AI, algorithm, or other software tool was used to make an adverse decision.

Over the last several years, the State has made significant strides in tightening the laws surrounding prior authorization, including ensuring that a physician in the same specialty makes the final decision on whether a healthcare service will be denied. House Bill 820 ensures that this requirement remains in place and that an algorithm cannot replace medical decisions of physicians. Therefore, we request a favorable vote.

For more information call:

Danna L. Kauffman

J. Steven Wise

Andrew G. Vetter

Christine K. Krone

410-244-7000

Crossover Testimony_HB 820-Health Insurance - Util

Uploaded by: Jake Whitaker

Position: FAV



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

HB 820_ LLS supportive testimony.pdf

Uploaded by: Lauren Edwards

Position: FAV



March 27, 2025

Senator Beidle, Chair
Senator Hayes, Vice Chair
Health and Government Operations Committee
Senate Finance Committee
3 East Miller Senate Office Building
Annapolis, Maryland 21401

Dear Chair Beidle, Vice Chair Hayes, and members of the Committee:

The Leukemia and Lymphoma Society is grateful for the opportunity to provide comments in support of HB 820.

LLS' mission is to cure blood cancer and improve the quality of life of all patients and their families. In light of this mission, LLS supports legislative efforts aimed at increasing transparency, accountability, and patient protections in the use of artificial intelligence (AI) and other automated decision-making systems in healthcare and health insurance decision-making.

AI has the potential to transform healthcare by improving patient care, streamlining administrative processes, and reducing costs. However, the integration of AI in healthcare raises concerns around data privacy, patient safety, and the risk of worsening health disparities if not implemented carefully. To deploy AI tools responsibly, it is crucial to ensure proper safeguards exist to protect patients from adverse outcomes.

Specifically, AI systems should be transparent, fair to all, and accountable. They should also address biases in algorithms and ensure that AI benefits everyone, not just a select few. This includes comprehensive data privacy and security measures. Continuous quality monitoring and establishing clear best practices will help pave the way forward, while independent audits will help ensure that AI systems continue to be safe and effective over time.

HB 820 represents a critical step in securing proper guardrails to ensure AI tools are used carefully, ethically, and transparently while prioritizing patient safety and meaningful access to care.

We thank you and urge a favorable report on HB 820.

Sincerely,

Lauren Edwards
Regional Director, State Government Affairs
The Leukemia & Lymphoma Society
lauren.edwards@lls.org | (804) 922-3446

HB 820 - MIA - FAV - FIN.pdf

Uploaded by: Marie Grant

Position: FAV

WES MOORE
Governor

ARUNA MILLER
Lt. Governor

MARIE GRANT
Acting Commissioner

JOY Y. HATCHETTE
Deputy Commissioner



200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
Direct Dial: 410-468-2471 Fax: 410-468-2020
1-800-492-6116 TTY: 1-800-735-2258
www.insurance.maryland.gov

Date: March 27, 2025

Bill # / Title: House Bill 820 - Health Insurance - Utilization Review - Use of Artificial Intelligence

Committee: Senate Finance Committee

Position: Support

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support for House Bill 820.

House Bill 820 amends § 15-10A-06 of the Maryland Insurance Article to require carriers to include information as to whether Artificial Intelligence (AI), algorithms, and/or other software tools were used in making an adverse decision in their quarterly appeals and grievance reports that are submitted to the MIA. House Bill 820 also establishes parameters around how carriers, pharmacy benefit managers, and private review agents can use AI, algorithms, and other software tools in their utilization review process.

As stated in the MIA's recent Bulletin¹ regarding the use of artificial intelligence systems, "AI techniques are deployed across all stages of the insurance life cycle, including product development, marketing, sales and distribution, underwriting and pricing, policy servicing, claim management, and fraud detection." House Bill 820's new requirement for carriers to include information as to whether AI, algorithms, or other software tools was used in making an adverse decision in their quarterly reports could help the MIA better understand how AI systems are affecting coverage decisions for consumers' claims. In turn, this could help in establishing guidelines and best practices for the use of this new and rapidly developing technology.

In addition to the new reporting requirement, HB 820 establishes new parameters requiring that AI, algorithms, or other software tools do not: solely base their determination on a group dataset; replace the role of a health care provider in the determination process; and do not result in unfair discrimination. Carriers will also be required to submit information to the MIA about how they

¹<https://insurance.maryland.gov/Insurer/Documents/bulletins/24-11-The-Use-of-Artificial-Intelligence-Systems-in-Insurance.pdf>

use these technologies, what oversight will be provided, and how these technologies are reviewed and revised.

As the use of AI continues to be developed and relied upon by carriers in making coverage decisions, the MIA supports House Bill 820, as it could assist the MIA in evaluating and contextualizing appeals and grievance data, and help to develop a framework to regulate and examine systems of AI to better protect consumers from erroneous decisions. The National Association of Insurance Commissioners' ("NAIC") consumer representatives recently shared a report on Artificial Intelligence and Health Insurance, specifically regarding the use of AI in utilization management, making recommendations for policymakers on enforcement.² The MIA believes that this legislation is an important step in moving forward the recommendations made in this report in Maryland.

For these reasons, the MIA urges a favorable committee report for House Bill 820.

² Report available at https://content.naic.org/sites/default/files/national_meeting/Final-CR-Report-AI-and-Health-Insurance-11.14.24.pdf

Crossover-AI Bill Testimony hb820 .pdf

Uploaded by: Terri Hill

Position: FAV



Health and Government Operations
Committee

Subcommittees

Government Operations
and Health Facilities

Public Health and
Minority Health Disparities

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

District Office
410-884-4380
Fax 410-884-5481

SUPPORT

HB820 HEALTH INSURANCE – UTILIZATION REVIEW – USE OF ARTIFICIAL INTELLIGENCE

March 27, 2025

Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee,

HB 820 ensures that the growing use of AI in healthcare decision-making is conducted transparently, grounded in evidence, and protective of patient rights. The bill establishes crucial safeguards for the use of artificial intelligence (AI), algorithms, and machine learning in utilization reviews conducted by health insurers, pharmacy benefits managers, and private review agents. It's an imperative, bipartisan bill that passed the house with no opposition (**135 - 0**).

While AI and machine learning hold great potential in healthcare administration, the rise in their use—particularly in utilization reviews that determine patient access to care—has led to higher denial rates and associated cost savings, without clear evidence of improved patient outcomes. Unchecked, misapplications of these systems can result in inappropriate denials, delays in care, poorer outcomes, and exacerbation of health disparities.

To better minimize risks of misapplication and misuse of these powerful and potentially helpful tools, it is essential guardrails be created to ensure that cost-cutting goals are not prioritized at the expense of patient well-being. By establishing basic utilization intentionality, transparency, review, and reporting requirements, **HB820** provides a layer of protection, better ensures compliance with patient protection laws, and better ensures AI is used responsibly.

HB820:

- Requires AI-based decisions be based on a patient's medical history, clinical needs, and supporting documentation from their providers, avoiding one-size-fits-all determinations.
- Ensures that data aggregation and AI tools comply with all relevant healthcare access regulations.
- Prohibits AI from making final medical determinations in place of human professionals.
- Ensures AI-driven decisions are subject to regular audits and reviews.
- Requires quarterly assessments of the accuracy, reliability, and compliance with evolving healthcare standards.

As AI and machine learning become more integral to health care administration and delivery, **HB 820** helps ensure that these technologies are used responsibly, ethically, and with the primary goal of improving patient outcomes.

I urge a favorable report.

A handwritten signature in black ink, appearing to be 'T. Hill'.

HB820 UR AI LOSWA Cross Over (2).pdf

Uploaded by: Irnise Williams

Position: FWA

CAROLYN A. QUATTROCKI
Chief Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CARRIE J. WILLIAMS
Deputy Attorney General

SHARON S. MERRIWEATHER
Deputy Attorney General

ZENITA WICKHAM HURLEY
Chief, Equity, Policy, and Engagement



**STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
HEALTH EDUCATION AND ADVOCACY UNIT**

ANTHONY G. BROWN
Attorney General

WILLIAM D. GRUHN
Division Chief

KIMBERLY S. CAMMARATA
Unit Director

PETER V. BERNS
General Counsel

CHRISTIAN E. BARRERA
Chief Operating Officer

IRNISE WILLIAMS
Deputy Unit Director

March 25, 2025

TO: The Honorable Pamela Beidle, Chair
Senate Finance Committee

FROM: Irnise Williams, Deputy Director, Health Education and Advocacy Unit

RE: House Bill 0820- Health Insurance - Utilization Review - Use of Artificial Intelligence- **SUPPORT with Amendments**

The Health Education and Advocacy Unit (HEAU) supports with amendments, House Bill 0820, which requires carriers to identify if Artificial Intelligence (AI), algorithmic tools, or other software was used in making adverse decisions. Additionally, among other things, the bill would ensure that even if AI is used in the process of making an adverse decision that the role of the health care provider in the determination process is not eliminated, and that use of such tools does not result in discrimination. This is one of several bills that attempt to address the use of Artificial Intelligence in the health insurance claims review process, which was highlighted in a recent [ProPublica article](#).

The ProPublica investigation featured a patient who was experiencing shortness of breath, swollen ankles, and difficulty sleeping while lying down and was advised by his doctor that he needed a heart catheterization and more testing. The insurance company denied the physician's request twice and the physician decided not to fight the insurance company and provided the patient with a different treatment plan. Within three months after the initial denial, the patient received a stress test instead of the recommended treatment and died in his sleep before he even received the results. The cost difference of a nuclear stress test generally is \$315 versus the catheterization which averages \$3500. The insurance company delayed care, saved money, but cost a family their loved one and a patient their life. There are many stories about the impact of adverse decisions and the need to identify how these decisions are being made is critical to the health and safety of Marylanders whose care is being determined by AI.

The report also highlighted that some insurance companies have outsourced the process of medical reviews to companies that market their companies by promising to increase profits and revenues by increasing denials using AI tools. These AI tools and algorithms can be adjusted to cause a higher rate of denials that may be based on discriminatory factors. Among many other alarming findings, the [ProPublica investigation](#) revealed that one particular company tweaked its proprietary algorithm to increase the number of requests sent for review by a provider, which correlated with a higher chance of denials. An analysis of that company’s data showed that, since 2021, the company turned down prior authorization requests, in full or in part, almost 20% of the time in Arkansas, which requires the publication of denial rates. By comparison, the [equivalent figure](#) for federal Medicare Advantage plans was about 7% in 2022.”

The use of AI is transforming utilization review practices by causing delays in care and harm to consumers physically, mentally, and financially. In the last few years, the General Assembly has continuously worked to increase transparency in denial trends, and this would be another step toward understanding the variability of utilization review processes. Without adequate legislative and regulatory frameworks on the use of AI in utilization review decisions, many consumers who don’t pursue their own claims or seek help from the HEAU or MIA will continue to go without care or will face financial challenges. We support this bill that establishes a statutory framework and appears largely to include the key components advocated by the Consumer Representatives to the National Association of Insurance Commissioners, in its November 2024, [Final Report – Artificial Intelligence in Health Insurances: The Use and Regulation of AI in Utilization Management](#). The guiding principles include:

- Transparency & Data
- Accountability
- Effective Oversight

In the spirit of those guiding principles, we propose the following amendments to ensure transparency, accountability, and effective oversight of the use of AI in carrier’s decision-making process.

We must ensure transparency and equity when AI is used in the carrier’s decision-making process and urge a favorable report that includes the HEAU’s proposed amendments.

cc: Members of the Finance Committee

House Bill 0820 - Health Insurance - Utilization Review - Use of Artificial Intelligence

HEAU Proposed Amendments

1. On page 4, line 17, after “REQUESTING PROVIDER” INSERT “or the enrollee”
We request this amendment because consumers often submit their own claims or pursue their own grievances and appeals.

2. On Page 5, at the end of line 21, after “as applicable;” INSERT

(11) Disclose to enrollees when artificial intelligence is used in the course of making decisions that have an impact on health care services or coverage.