

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: February 13, 2025

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

Committee: House Health and Government Operations Committee

Position: Support with Amendments

The Maryland Insurance Administration (MIA) appreciates the opportunity to share its support, with amendments, 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 use these technologies, what oversight will be provided, and how these technologies are reviewed and revised.

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

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.

The MIA looks forward to continuing a dialogue with the Committee, the sponsor, and stakeholders to refine amendments for enhancing the bill's clarity, terminology, and enforceability.

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