February 11, 2025

The Honorable Joseline A. Pena-Melnyk
Chair, House Health and Government Operations Committee
241 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

Re: AHIP Opposes HB 820 Concerning Use of AI in Utilization Review

Dear Chair Pena-Melnyk:

On behalf of AHIP, thank you for the opportunity to comment on House Bill 820, legislation that regulates the use of artificial intelligence (AI), algorithms, and automated decision-making systems in utilization reviews by insurers.

Health Plan Utilization of AI Tools. Health plans are leveraging AI tools today to improve health outcomes, increase access to care, enhance the consumer experience, and generate operational efficiencies that lower costs such as:

- Identifying gaps in care;
- Predicting patient risks;
- Monitoring for adverse outcomes; and
- Speeding up claims processing, automating prior authorization *approvals.*

As more health, wellness, and medical products and services incorporate AI, it is important to create balanced policies that promote innovation while protecting patients. It is essential to permit AI in prior authorization. Prior authorization ensures care is safe, effective, and evidence based. As technology evolves, AI presents an opportunity to further streamline the use of this vital patient protection tool through:

- *Automated Algorithms* – to *approve* requests (**denials based on clinical factors are not made without human review**);
- *Machine Learning* – to automatically retrieve necessary documentation in the electronic health record*;*
- *Natural Language Processing* – to parse clinical notes to identify documentation;
- *Image Recognition* – to identify pictures, radiographic films, etc.;
- *Generative AI* – to pre-populate the prior authorization request for the clinician to review and submit; and
- *Clinical Decision Support* – within the electronic health records, to diminish the need for prior authorization by ensuring care is evidence-based.

Concerns with HB 820. As written, HB 820 includes broad prohibitions that we are very concerned would impact all of the above activities, negatively affecting patient care and patient interaction with their providers.

It is important to note that this prohibition makes no distinction between prior authorization requests being denied due to administrative reasons versus clinical factors. According to AHIP's 2019 member survey, 86% of initial prior authorizations are denied due to incomplete information from providers. Algorithms and

AI tools can be used in real time to respond to the provider's office, request the missing information, and get the corrected prior authorization back to being reviewed by medical staff.

Policymakers should carefully consider the impact of placing prohibitions on the use of these important tools and the potential for such prohibitions to negatively impact patient safety. It is important that we work together to create sound public policy that safeguards the clinical integrity of utilization review processes while providing clear guidance on the appropriate use of AI in these critical decisions.

For these reasons, AHIP is urging you to vote no on HB 820.

AHIP believes a balanced approach to AI in health insurance can be achieved. Balanced AI policies can promote innovation, enhance patient care, and protect consumers. Policymakers should prioritize national standards, risk-based approaches, and leveraging existing laws. AHIP welcomes ongoing collaboration to advance effective, responsible AI legislation that supports patients, providers, health care purchasers, and insurers.

Sincerely,

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AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and coverage more affordable and accessible for everyone. Visit www.ahip.org to learn how working together, we are Guiding Greater Health.