

HOUSE BILL 1240

J3, J5, J4

5lr1810

By: **Delegate Wilson**

Introduced and read first time: February 7, 2025

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Health Care Providers and Health Insurance Carriers – Use of Artificial**
3 **Intelligence in Health Care Decision Making**

4 FOR the purpose of prohibiting health care providers and carriers from using artificial
5 intelligence if the artificial intelligence has been designed only to reduce costs for a
6 health care provider or carrier at the expense of reducing the quality of patient care,
7 delaying care, or denying coverage for patient care; requiring health care providers
8 and carriers that use artificial intelligence for health care decisions annually to post
9 certain key data about the decisions on the health care provider’s or carrier’s website
10 and undergo a certain third-party audit; and generally relating to the use of artificial
11 intelligence in health care decision making by health care providers and health
12 insurance carriers.

13 BY adding to

14 Article – Health – General

15 Section 24–2501 through 24–2505 to be under the new subtitle “Subtitle 25. Artificial
16 Intelligence”

17 Annotated Code of Maryland

18 (2023 Replacement Volume and 2024 Supplement)

19 BY adding to

20 Article – Insurance

21 Section 15–147

22 Annotated Code of Maryland

23 (2017 Replacement Volume and 2024 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
25 That the Laws of Maryland read as follows:

26 **Article – Health – General**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



SUBTITLE 25. ARTIFICIAL INTELLIGENCE.

24-2501.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "ARTIFICIAL INTELLIGENCE" MEANS A MACHINE-BASED SYSTEM THAT:

(1) CAN, FOR A GIVEN SET OF HUMAN-DEFINED OBJECTIVES, MAKE PREDICTIONS, RECOMMENDATIONS, OR DECISIONS INFLUENCING REAL OR VIRTUAL ENVIRONMENTS;

(2) USES MACHINE AND HUMAN-BASED INPUTS TO PERCEIVE REAL AND VIRTUAL ENVIRONMENTS AND ABSTRACTS THOSE PERCEPTIONS INTO MODELS THROUGH ANALYSIS IN AN AUTOMATED MANNER; AND

(3) USES MODEL INFERENCE TO FORMULATE OPTIONS FOR INFORMATION OR ACTION.

(C) (1) "HEALTH CARE PROVIDER" MEANS:

(I) A PERSON WHO IS LICENSED, CERTIFIED, OR OTHERWISE AUTHORIZED UNDER THE HEALTH OCCUPATIONS ARTICLE OR § 13-516 OF THE EDUCATION ARTICLE TO PROVIDE HEALTH CARE IN THE ORDINARY COURSE OF BUSINESS OR PRACTICE OF A PROFESSION OR IN AN APPROVED EDUCATION OR TRAINING PROGRAM; OR

(II) A FACILITY WHERE HEALTH CARE IS PROVIDED TO PATIENTS OR RECIPIENTS, INCLUDING:

1. A FACILITY AS DEFINED IN § 10-101 OF THIS ARTICLE;

2. A HOSPITAL AS DEFINED IN § 19-301 OF THIS ARTICLE;

3. A RELATED INSTITUTION AS DEFINED IN § 19-301 OF THIS ARTICLE;

4. A HEALTH MAINTENANCE ORGANIZATION AS DEFINED IN § 19-701 OF THIS ARTICLE;

5. AN OUTPATIENT CLINIC;

- 1 **6. A MEDICAL LABORATORY;**
2 **7. A COMPREHENSIVE CRISIS RESPONSE CENTER;**
3 **8. A CRISIS STABILIZATION CENTER; AND**
4 **9. A CRISIS TREATMENT CENTER ESTABLISHED UNDER**
5 **§ 7.5–207 OF THIS ARTICLE.**

6 **(2) “HEALTH CARE PROVIDER” INCLUDES AN AGENT, AN EMPLOYEE,**
7 **AN OFFICER, AND A DIRECTOR OF A FACILITY DESCRIBED IN PARAGRAPH (1)(II) OF**
8 **THIS SUBSECTION AND AN AGENT AND AN EMPLOYEE OF A PERSON DESCRIBED IN**
9 **PARAGRAPH (1)(II) OF THIS SUBSECTION.**

10 **24–2502.**

11 **A HEALTH CARE PROVIDER MAY NOT USE ARTIFICIAL INTELLIGENCE IF THE**
12 **ARTIFICIAL INTELLIGENCE HAS BEEN DESIGNED ONLY TO REDUCE COSTS FOR A**
13 **HEALTH CARE PROVIDER AT THE EXPENSE OF REDUCING THE QUALITY OF PATIENT**
14 **CARE, DELAYING PATIENT CARE, OR DENYING COVERAGE FOR PATIENT CARE.**

15 **24–2503.**

16 **(A) ON OR BEFORE JULY 1 EACH YEAR, BEGINNING IN 2026, EACH HEALTH**
17 **CARE PROVIDER THAT USES ARTIFICIAL INTELLIGENCE TO DETERMINE OR**
18 **INFLUENCE HEALTH CARE DECISIONS SHALL POST ON THE HEALTH CARE**
19 **PROVIDER’S WEBSITE DOCUMENTATION DETAILING KEY DATA ABOUT THE**
20 **DECISIONS MADE USING ARTIFICIAL INTELLIGENCE IN THE IMMEDIATELY**
21 **PRECEDING YEAR, INCLUDING:**

22 **(1) THRESHOLDS FOR WHEN A DECISION IS REVIEWED BY AN**
23 **INDIVIDUAL;**

24 **(2) RATES OF DECISIONS OVERTURNED AFTER REVIEW BY AN**
25 **INDIVIDUAL;**

26 **(3) RATES OF MISDIAGNOSIS;**

27 **(4) RATES OF MISCALCULATED DOSAGES OF MEDICINE;**

28 **(5) THE NUMBER OF INSTANCES WHEN A SUGGESTED PLAN OF CARE**
29 **DISREGARDS A PATIENT’S:**

1 (I) PREEXISTING CONDITION;

2 (II) MEDICATIONS THAT HAVE RELATIVE CONTRAINDICATIONS
3 OR ABSOLUTE CONTRAINDICATIONS WITH THE SUGGESTED PLAN; OR

4 (III) CARE PREFERENCES DUE TO PERSONAL BELIEFS; AND

5 (6) ANY OTHER DATA REQUIRED BY THE DEPARTMENT.

6 (B) DATA POSTED IN ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION
7 SHALL BE ARCHIVED AND REMAIN PUBLICLY AVAILABLE ON THE HEALTH CARE
8 PROVIDER'S WEBSITE.

9 (C) (1) ON OR BEFORE JULY 1 EACH YEAR, BEGINNING IN 2026, EACH
10 HEALTH CARE PROVIDER THAT USES ARTIFICIAL INTELLIGENCE TO DETERMINE OR
11 INFLUENCE HEALTH CARE DECISIONS SHALL UNDERGO A THIRD-PARTY AUDIT TO
12 EVALUATE WHETHER THE HEALTH CARE DECISIONS MADE BY AN ARTIFICIAL
13 INTELLIGENCE SYSTEM:

14 (I) ALIGN WITH MEDICAL CARE STANDARDS;

15 (II) MEET ETHICAL STANDARDS; OR

16 (III) DELAY CARE EXCESSIVELY.

17 (2) AT THE REQUEST OF THE DEPARTMENT, A HEALTH CARE
18 PROVIDER SHALL SUBMIT TO THE DEPARTMENT PROOF THAT AN AUDIT WAS
19 COMPLETED IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION.

20 24-2504.

21 (A) IF A HEALTH CARE PROVIDER VIOLATES THIS SUBTITLE, THE
22 DEPARTMENT MAY IMPOSE A PENALTY NOT TO EXCEED \$10,000 PER OFFENSE.

23 (B) IN DETERMINING THE AMOUNT OF A PENALTY UNDER SUBSECTION (A)
24 OF THIS SECTION, THE DEPARTMENT SHALL CONSIDER:

25 (1) THE TYPE, SEVERITY, AND DURATION OF THE VIOLATION;

26 (2) WHETHER THE HEALTH CARE PROVIDER KNEW OR SHOULD HAVE
27 KNOWN OF THE VIOLATION;

1 **5. ANY OTHER ENTITY PROVIDING A PLAN OF HEALTH**
2 **INSURANCE, HEALTH BENEFITS, OR HEALTH SERVICES AUTHORIZED UNDER THE**
3 **INSURANCE ARTICLE OR THE FEDERAL AFFORDABLE CARE ACT.**

4 **(II) “CARRIER” INCLUDES THE AGENTS, EMPLOYEES,**
5 **OFFICERS, AND DIRECTORS OF AN ENTITY DESCRIBED IN SUBPARAGRAPH (I) OF**
6 **THIS PARAGRAPH.**

7 **(B) A CARRIER MAY NOT USE ARTIFICIAL INTELLIGENCE IF THE ARTIFICIAL**
8 **INTELLIGENCE HAS BEEN DESIGNED ONLY TO REDUCE COSTS FOR A CARRIER AT**
9 **THE EXPENSE OF REDUCING THE QUALITY OF PATIENT CARE, DELAYING PATIENT**
10 **CARE, OR DENYING COVERAGE FOR PATIENT CARE.**

11 **(C) (1) ON OR BEFORE JULY 1 EACH YEAR, BEGINNING IN 2026, EACH**
12 **CARRIER THAT USES ARTIFICIAL INTELLIGENCE TO DETERMINE OR INFLUENCE**
13 **HEALTH CARE DECISIONS SHALL POST ON THE CARRIER’S WEBSITE**
14 **DOCUMENTATION DETAILING KEY DATA ABOUT THE DECISIONS MADE USING**
15 **ARTIFICIAL INTELLIGENCE IN THE IMMEDIATELY PRECEDING YEAR, INCLUDING:**

16 **(I) THRESHOLDS FOR WHEN A DECISION IS REVIEWED BY AN**
17 **INDIVIDUAL;**

18 **(II) RATES OF DECISIONS OVERTURNED AFTER REVIEW BY AN**
19 **INDIVIDUAL;**

20 **(III) DENIAL RATES;**

21 **(IV) CRITERIA USED FOR APPROVALS OR DENIALS; AND**

22 **(V) ANY OTHER DATA REQUIRED BY THE COMMISSIONER.**

23 **(2) DATA POSTED IN ACCORDANCE WITH PARAGRAPH (1) OF THIS**
24 **SUBSECTION SHALL BE ARCHIVED AND REMAIN PUBLICLY AVAILABLE ON THE**
25 **CARRIER’S WEBSITE.**

26 **(D) (1) ON OR BEFORE JULY 1 EACH YEAR, BEGINNING IN 2026, EACH**
27 **CARRIER THAT USES ARTIFICIAL INTELLIGENCE TO DETERMINE OR INFLUENCE**
28 **HEALTH CARE DECISIONS SHALL UNDERGO A THIRD-PARTY AUDIT TO EVALUATE**
29 **WHETHER THE HEALTH CARE DECISIONS MADE BY AN ARTIFICIAL INTELLIGENCE**
30 **SYSTEM:**

31 **(I) ALIGN WITH MEDICAL CARE STANDARDS;**

1 **(II) MEET ETHICAL STANDARDS; OR**

2 **(III) DELAY CARE EXCESSIVELY.**

3 **(2) AT THE REQUEST OF THE COMMISSIONER, A CARRIER SHALL**
4 **SUBMIT PROOF TO THE COMMISSIONER THAT AN AUDIT WAS COMPLETED IN**
5 **ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION.**

6 **(E) (1) IF A CARRIER VIOLATES THIS SUBTITLE, THE COMMISSIONER MAY**
7 **IMPOSE A PENALTY NOT EXCEEDING \$10,000 PER OFFENSE.**

8 **(2) IN DETERMINING THE AMOUNT OF A PENALTY UNDER**
9 **PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSIONER SHALL CONSIDER:**

10 **(I) THE TYPE, SEVERITY, AND DURATION OF THE VIOLATION;**

11 **(II) WHETHER THE CARRIER KNEW OR SHOULD HAVE KNOWN OF**
12 **THE VIOLATION;**

13 **(III) THE EXTENT TO WHICH THE CARRIER HAS A HISTORY OF**
14 **VIOLATIONS; AND**

15 **(IV) WHETHER THE CARRIER CORRECTED THE VIOLATION AS**
16 **SOON AS THE CARRIER KNEW OF THE VIOLATION.**

17 **(F) THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS**
18 **SECTION.**

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2025.