SENATE BILL 987

J1, J5, S1   5lr2205

By: **Senator Lam**
Introduced and read first time: January 28, 2025
Assigned to: Finance

A BILL ENTITLED

1   AN ACT concerning

2   **Artificial Intelligence – Health Software and Health Insurance Decision Making**

3   FOR the purpose of requiring the Maryland Health Care Commission to maintain a registry
4   of artificial intelligence health software that may be distributed or operated in the
5   State; prohibiting a person from distributing or operating artificial intelligence
6   health software unless the software is registered with the Commission; prohibiting
7   a health insurance carrier from using artificial intelligence to decide or directly
8   influence a health care decision or a decision directly related to health care; and
9   generally relating to artificial intelligence in health care.

10 BY repealing and reenacting, without amendments,
11   Article – Health – General
12   Section 19–101
13   Annotated Code of Maryland
14   (2023 Replacement Volume and 2024 Supplement)

15 BY adding to
16   Article – Health – General
17   Section 19–150 to be under the new part "Part VI. Artificial Intelligence Health
18   Software"
19   Annotated Code of Maryland
20   (2023 Replacement Volume and 2024 Supplement)

21 BY adding to
22   Article – Insurance
23   Section 15–147
24   Annotated Code of Maryland
25   (2017 Replacement Volume and 2024 Supplement)

26 BY repealing and reenacting, without amendments,
27   Article – State Finance and Procurement

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
        [Brackets] indicate matter deleted from existing law.

1   Section 3.5–801(a) and (c)
2   Annotated Code of Maryland
3   (2021 Replacement Volume and 2024 Supplement)

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

6   **Article – Health – General**

7   19–101.

8   In this subtitle, "Commission" means the Maryland Health Care Commission.

9   PART VI. ARTIFICIAL INTELLIGENCE HEALTH SOFTWARE.

10 **19–150.**

11   **(A)   THE COMMISSION SHALL MAINTAIN A REGISTRY OF ARTIFICIAL
12 INTELLIGENCE HEALTH SOFTWARE THAT MAY BE DISTRIBUTED OR OPERATED IN
13 THE STATE.**

14   **(B)   A PERSON MAY NOT DISTRIBUTE OR OPERATE ARTIFICIAL
15 INTELLIGENCE HEALTH SOFTWARE IN THE STATE UNLESS THE SOFTWARE IS
16 REGISTERED WITH THE COMMISSION.**

17   **(C)   THE COMMISSION SHALL ADOPT REGULATIONS THAT:**

18   **(1)   DEFINE ARTIFICIAL INTELLIGENCE HEALTH SOFTWARE;**

19   **(2)   DETERMINE THE INFORMATION ABOUT ARTIFICIAL
20 INTELLIGENCE HEALTH SOFTWARE TO BE COLLECTED FOR THE REGISTRY; AND**

21   **(3)   SET A REGISTRATION DEADLINE FOR WHEN THE COMMISSION
22 WILL BEGIN TO ISSUE FINES TO A PERSON THAT DISTRIBUTES OR OPERATES
23 UNREGISTERED ARTIFICIAL INTELLIGENCE HEALTH SOFTWARE IN THE STATE.**

24   **(D)   (1)   IF A PERSON DISTRIBUTES OR OPERATES UNREGISTERED
25 ARTIFICIAL INTELLIGENCE HEALTH SOFTWARE IN THE STATE, THE COMMISSION
26 MAY FINE THE PERSON UP TO $10,000 FOR EACH DAY THE VIOLATION OCCURRED.**

27   **(2)   THE AMOUNT OF THE FINE IMPOSED BY THE COMMISSION UNDER
28 PARAGRAPH (1) OF THIS SUBSECTION SHALL BE BASED ON:**

1   **(I)**   THE EXTENT OF ACTUAL OR POTENTIAL HARM RELATED TO
2 THE VIOLATION;

3   **(II)**   THE COST OF INVESTIGATING THE VIOLATION; AND

4   **(III)** WHETHER   THE   PERSON   COMMITTED   PREVIOUS
5 VIOLATIONS OF THIS SECTION.

6   **Article – Insurance**

7 **15–147.**

8   **(A)**   **(1)**   IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
9 INDICATED.

10   **(2)**   "ARTIFICIAL INTELLIGENCE" HAS THE MEANING STATED IN §
11 3.5–801 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

12   **(3)**   "CARRIER" MEANS:

13   **(I)**   AN INSURER;

14   **(II)**   A NONPROFIT HEALTH SERVICE PLAN;

15   **(III)**   A HEALTH MAINTENANCE ORGANIZATION;

16   **(IV)**   A DENTAL PLAN ORGANIZATION; OR

17   **(V)**   ANY OTHER PERSON THAT PROVIDES HEALTH BENEFIT
18 PLANS SUBJECT TO REGULATION BY THE STATE.

19   **(B)**   A CARRIER MAY NOT USE ARTIFICIAL INTELLIGENCE TO DECIDE OR
20 DIRECTLY INFLUENCE A HEALTH CARE DECISION OR A DECISION DIRECTLY
21 RELATED TO HEALTH CARE.

22   **(C)**   THIS SECTION MAY NOT BE CONSTRUED TO PROHIBIT A CARRIER FROM
23 USING ARTIFICIAL INTELLIGENCE TO PERFORM TASKS OR MAKE DECISIONS THAT
24 ARE NOT RELATED TO HEALTH CARE.

25   **Article – State Finance and Procurement**

26 3.5–801.

27   (a)   In this subtitle the following words have the meanings indicated.

1   (c)   "Artificial intelligence" means a machine–based system that:

2   (1)   can, for a given set of human–defined objectives, make predictions,
3 recommendations, or decisions influencing real or virtual environments;

4   (2)   uses machine and human–based inputs to perceive real and virtual
5 environments and abstracts those perceptions into models through analysis in an
6 automated manner; and

7   (3)   uses model inference to formulate options for information or action.

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