

Department of Legislative Services  
Maryland General Assembly  
2025 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1314 (Delegate Miller, *et al.*)  
Health and Government Operations

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Health Care - Prior Authorizations - Prohibiting Fees and Use of Artificial  
Intelligence

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This bill prohibits a “health care provider” (including a health care practitioner and a facility that provides health care) from charging a fee to obtain a “prior authorization” from a health insurer, a nonprofit health service plan, a health maintenance organization (HMO), any other entity that provides health benefit plans subject to State regulation, or a Medicaid managed care organization (MCO). Certain insurers, nonprofit health service plans, and HMOs are prohibited from using artificial intelligence (AI) to automatically deny a prior authorization. **The bill takes effect January 1, 2026, and applies to all policies, contracts, and health benefit plans issued, delivered, or renewed on or after that date.**

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Fiscal Summary

**State Effect:** None. The bill only affects private-sector activities.

**Local Effect:** None.

**Small Business Effect:** Minimal.

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Analysis

**Bill Summary:** “Prior authorization” means a utilization management technique that (1) is used by carriers and MCOs; (2) requires prior approval for a procedure, treatment, medication, or service before an enrollee is eligible for full payment of the benefit; and (3) is used to determine whether the procedure, treatment, medication, or service is medically necessary.

## **Current Law:**

### *Establishment of Online Processes*

Under Chapters 847 and 848 of 2024, by July 1, 2026, carriers must establish and maintain an online process that can (1) link directly to all e-prescribing systems and electronic health record systems that use specified standards; (2) accept electronic prior authorization requests from a health care provider; (3) approve electronic prior authorization requests, as specified; and (4) link directly to real-time patient out-of-pocket costs and more affordable medication alternatives made available by the carrier. A carrier may not access health care provider data via the online process other than for the insured or enrollee, without consent. Additionally, a carrier may not impose a fee or charge on a person for accessing the online process.

By July 1, 2025, a carrier must (1) post the contact information for each third-party vendor or other entity that the carrier will use to establish the online process on its website and (2) on the request of a health care provider, provide the contact information for each third-party vendor or other entity.

By July 1, 2026, each health care provider must ensure that the e-prescribing system or electronic health record system they use has the ability to access, at the point of prescribing, (1) the electronic prior authorization process established by a carrier and (2) the real-time patient out-of-pocket cost information and available medication alternatives.

By July 1, 2026, each carrier, or pharmacy benefits manager (PBM) on behalf of the carrier, must provide real-time patient-specific benefit information to insureds and enrollees and contracted health care providers. A carrier or PBM must ensure the information provided is accurate and delivered in an accessible and understandable format, as specified.

### *Prior Authorization of a Course of Treatment*

Also, under Chapters 847 and 848, specified entities must approve a request for the prior authorization of a course of treatment that is (1) for a period of time that is as long as necessary to avoid disruption in care and (2) determined in accordance with applicable coverage criteria, the insured's medical history, and the health care provider's recommendation. For new enrollees, specified entities may not disrupt or require reauthorization for an active course of treatment for covered services until at least 90 days after the enrollment date. These provisions apply to (1) an insurer, nonprofit health service plan, or HMO that provides hospital, medical, or surgical benefits; (2) an insurer, nonprofit health service plan, or HMO that contracts with a private review agent; and (3) an insurer, nonprofit health service plan, or HMO that contracts with a third party to dispense medical devices, appliances, or goods.

**Additional Comments:** According to the National Association of Insurance Commissioners (NAIC), AI has the potential to impact the insurance industry in multiple ways. Claims management can be augmented using AI and machine learning techniques. In 2020, the NAIC Big Data and Artificial Intelligence Working Group developed [regulatory guidance](#) on AI that was adopted by the full NAIC membership.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Department of Budget and Management; Maryland Department of Health; Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2025  
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