

BILL ANALYSIS

Senate Research Center
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S.B. 815
By: Schwertner
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

As artificial intelligence (AI) technology rapidly expands, its adoption by health insurers has outpaced the establishment of necessary guardrails, leaving consumers unprotected. While artificial intelligence has significant potential to support the healthcare system, there is limited data on its usage or accuracy, and consumer protections remain absent. AI relies on algorithms to perform tasks, an approach that minimizes the unique needs of patients. Without safeguards, algorithms risk being designed to prioritize the interests of health insurance companies over patients. Reports of AI use by insurers are increasing, with applications ranging from processing documentation to reviewing claims and prior authorization requests.

The use of AI puts patients at risk. A lack of transparency leaves them vulnerable to faulty algorithms or missing critical details. The Texas Department of Insurance (TDI) also lacks clear authority to monitor and enforce compliance, highlighting the need for regulatory guidance and oversight.

S.B. 815 adds a new section to the Insurance Code that prohibits the use of artificial intelligence algorithms as the sole basis to deny, delay, or modify health care services, in whole or in part, for medical necessity reasons. The bill gives TDI the ability to audit and inspect a health benefit plan's use of AI for utilization review in order to ensure compliance with the prohibition.

As proposed, S.B. 815 amends current law relating to use of artificial intelligence in utilization review conducted for health benefit plans.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter D, Chapter 4201, Insurance Code, by adding Section 4201.156, as follows:

Sec. 4201.156. USE OF ARTIFICIAL INTELLIGENCE-BASED ALGORITHMS. (a) Prohibits a utilization review agent from using an artificial intelligence-based algorithm as the sole basis of a decision to wholly or partly deny, delay, or modify health care services for an enrollee on the basis of medical necessity or appropriateness of health care items and services. Authorizes only a physician or licensed health care provider acting in accordance with Chapter 4201 (Utilization Review Agents) to determine medical necessity or appropriateness of health care items and services.

(b) Authorizes the commissioner of insurance to audit and inspect at any time a utilization review agent's use of artificial intelligence for utilization review.

SECTION 2. Effective date: September 1, 2025.