By: Lalani

H.B. No. 4018

A BILL TO BE ENTITLED

1 AN ACT

2 relating to use of artificial intelligence in utilization review

3 conducted for health benefit plans.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Subchapter D, Chapter 4201, Insurance Code, is

6 amended by adding Section 4201.156 to read as follows:

7 Sec. 4201.156. USE OF ARTIFICIAL INTELLIGENCE. (a) In this

8 section, "artificial intelligence" means an engineered or

9 machine-based system that varies in autonomy and may, for explicit

10 or implicit objectives, infer from the input the system receives

11 how to generate outputs that can influence physical or virtual

12 environments.

13 (b) A utilization review agent that uses an artificial

14 intelligence-based algorithm or other software tool for

15 utilization review shall ensure that:

16 (1) the algorithm or tool bases its determination on

17 the following information, as applicable:

18 (A) an enrollee's medical or other clinical

19 history;

20 (B) individual clinical circumstances as

21 presented by the provider of record; and

22 (C) other relevant clinical information

23 contained in the enrollee's medical or other clinical record;

24 (2) the algorithm or tool does not base its

1 determination solely on a group dataset;

2   (3) the algorithm's or tool's criteria and guidelines

3 comply with this chapter and applicable state and federal law;

4   (4) the algorithm or tool does not override the

5 decision making of a physician or health care provider;

6   (5) the use of the algorithm or tool does not

7 discriminate, directly or indirectly, against enrollees in

8 violation of state or federal law;

9   (6) the algorithm or tool is fairly and equitably

10 applied, including in accordance with any applicable commissioner

11 rules;

12   (7) the algorithm or tool is available for review and

13 inspection under Section 4201.154;

14   (8) the use and oversight procedures of the algorithm

15 or tool are disclosed in writing to enrollees in the form and manner

16 provided by commissioner rule;

17   (9) the algorithm's or tool's performance, use, and

18 outcomes are periodically reviewed and revised to maximize accuracy

19 and reliability;

20   (10) patient information is not used beyond its

21 intended and stated purpose in accordance with state and federal

22 law; and

23   (11) the algorithm or tool does not directly or

24 indirectly cause harm to the enrollee other than assisting a

25 utilization review agent in making an adverse determination.

26   (c) A utilization review agent may not use an artificial

27 intelligence-based algorithm or other software tool as the sole

1 basis of a decision to wholly or partly deny, delay, or modify

2 health care services for an enrollee on the basis of medical

3 necessity or appropriateness of health care items and services.

4 Only a physician or licensed health care provider acting in

5 accordance with this chapter may determine medical necessity or

6 appropriateness of health care items and services.

7   SECTION 2. This Act takes effect September 1, 2025.