

AN ACT

relating to the use of certain automated systems in, and certain adverse determinations made in connection with, the health benefit claims process.

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

SECTION 1. Section 4201.002, Insurance Code, is amended by amending Subdivision (1) and adding Subdivisions (1-a), (1-b), and (1-c) to read as follows:

(1) "Adverse determination" means a determination by a utilization review agent that health care services provided or proposed to be provided to a patient are not medically necessary or appropriate or are experimental or investigational.

(1-a) "Algorithm" means a computerized procedure consisting of a set of steps used to accomplish a determined task.

(1-b) "Artificial intelligence system" means any machine learning-based system that, for any explicit or implicit objective, infers from the inputs the system receives how to generate outputs, including content, decisions, predictions, and recommendations, that can influence physical or virtual environments.

(1-c) "Automated decision system" means an algorithm, including an algorithm incorporating an artificial intelligence system, that uses data-based analytics to make, suggest, or recommend certain determinations, decisions, judgments, or

1 conclusions.

2 SECTION 2. Subchapter D, Chapter 4201, Insurance Code, is
3 amended by adding Section 4201.156 to read as follows:

4 Sec. 4201.156. USE OF AUTOMATED DECISION SYSTEM FOR ADVERSE
5 DETERMINATIONS. (a) A utilization review agent may not use an
6 automated decision system to make, wholly or partly, an adverse
7 determination.

8 (b) The commissioner may audit and inspect at any time a
9 utilization review agent's use of an automated decision system for
10 utilization review.

11 (c) This section does not prohibit the use of an algorithm,
12 artificial intelligence system, or automated decision system for
13 administrative support or fraud-detection functions.

14 SECTION 3. Section 4201.303(a), Insurance Code, is amended
15 to read as follows:

16 (a) Notice of an adverse determination must include:

17 (1) the principal reasons for the adverse
18 determination;

19 (2) the clinical basis for the adverse determination;

20 (3) a description of and ~~or~~ the source of the
21 screening criteria and review procedures used as guidelines in
22 making the adverse determination; and

23 (4) a description of the procedure for the complaint
24 and appeal process, including notice to the enrollee of the
25 enrollee's right to appeal an adverse determination to an
26 independent review organization and of the procedures to obtain
27 that review.

1 SECTION 4. Chapter [4201](#), Insurance Code, as amended by this
2 Act, applies only to utilization review conducted for a health
3 benefit plan delivered, issued for delivery, or renewed on or after
4 January 1, 2026. Utilization review conducted for a health benefit
5 plan delivered, issued for delivery, or renewed before January 1,
6 2026, is governed by the law as it existed immediately before the
7 effective date of this Act, and that law is continued in effect for
8 that purpose.

9 SECTION 5. This Act takes effect September 1, 2025.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 815 passed the Senate on March 26, 2025, by the following vote: Yeas 30, Nays 0, one present not voting.

Secretary of the Senate

I hereby certify that S.B. No. 815 passed the House on May 24, 2025, by the following vote: Yeas 116, Nays 13, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor