CHAI

Transparency Report

Coalition for Health AI

September 2025

Introduction

AI is rapidly transforming the healthcare landscape, prompting policymakers across the country to grapple with how best to safeguard their populations while enabling innovation.

Transparency is a central pillar in these discussions; it ensures that patients, providers, and payers understand when and how AI is being used. As the pace of innovation accelerates, transparency has become essential in balancing progress while protecting patients and providers by giving them the clarity they need to make informed decisions about their care.

There are now over 250 state bills relevant to Health AI aimed at addressing transparency and related protections in the context of AI in healthcare.

CHAI has looked at each of these bills and has arranged where states converge and diverge in their protections, and where those bills stand in the legislative process. Our focus has been to describe different approaches, rather than evaluating or offering a recommendation.

Our analysis examines emerging trends and highlights notable themes. The goal is to equip policymakers - at both state and federal levels - with a clearer picture of current activity to inform future action and foster more consistent, effective protections for patients, providers and vendors. As AI adoption accelerates, clarity and consistency in transparency requirements will be critical for maintaining public trust and mitigating risks. This scan is intended as a resource for decision-makers navigating this fast-moving policy area.

It is important to note that we had a choice to either **solely** focus on transparency and disclosure requirements, or wider Health AI requirements that may touch on transparency. For example, some states have legislated on quality assurance or human-in-the-loop parameters, that in some case necessitate disclosure. We decided to err on including more rather than less, and so there may be sections of this report that don't strictly fall under transparency requirements.

Disclaimer

The legislative landscape is dynamic and continuously evolving. This scan is based on a manual review of available information and may not capture every bill introduced or amended. For additions or corrections, please contact **lucy@chai.org**. This will be an important starting point and we aim to follow this work with more educational resources from proprietary research we are planning.

Acknowledgments

Thank you to the **CHAI Policy Team and Policy Workgroup** for their support in this work; **Lauren Kahre**, **Daniel Oo** and **Karolina Pencina**. Thank you to our Designer **Ann Li** for the presentation of this report.

Lead Author
Lucy Orr-Ewing

Chief of Staff and Head of Policy for CHAI
lucy@chai.org

Executive Summary

States have moved enthusiastically to fill the federal policy vacuum on AI transparency in healthcare. As of June 30, 2025, 46 states have introduced more than 250 AI-related bills impacting healthcare, and 17 states have enacted 27 of those bills into law, according to Manatt's Health AI Policy Tracker.

State legislature act when there is both public anxiety, industry opportunity, and regulatory uncertainty. Lawmakers have therefore stepped in to define boundaries for transparency, fairness, and accountability - to protect their populations while not losing key industry in their state.

Our scan of enacted, pending and failed bills reveals clear thematic clusters around certain areas:

Use Cases Driving Regulation

Most state activity clusters around utilization review and prior authorization, prohibiting AI-only denials and mandating clinician oversight. A growing wave of laws addresses provider use in clinical care and direct patient communications, especially for mental health chatbots, where states have imposed disclosure mandates, opt-out rights, or outright prohibitions on certain AI interactions.

Safety and Bias Mitigation as Statutory Duties

States agree on the principle that AI systems must avoid discriminatory or unsafe outcomes, but differ on technical rigor. At least six states explicitly ban determinations based solely on group datasets. Others incorporate national standards (e.g., NIST) or require developers and deployers to implement risk frameworks, validation protocols, and bias testing documentation.

Human Oversight as a Foundational Principle

States converge on the idea that AI cannot replace clinical judgment. Nearly every bill requires a human-in-the-loop for medical necessity decisions, and provider-facing laws mandate licensed professional review of AI-driven diagnostics and treatment recommendations. Some states, like Oklahoma, go further to require reporting whenever clinicians override an AI recommendation.

From Point-in-Time Approval to Continuous Oversight

The regulatory paradigm is shifting toward lifecycle governance. Periodic performance reviews are common, and some states now require impact assessments and public-facing risk reports. A few, like North Carolina and Maryland, introduce third-party audits and breach notification requirements. Oklahoma stands out as the only state to codify a formal AI Governance Group with multi-stakeholder representation.

Looking Ahead

Although the final version of H.R. 1, passed on July 4, dropped the proposed 10-year moratorium on state AI laws, federal priorities lean heavily toward deregulation. The Administration's *Winning the Race: America's AI Action Plan* frames AI advancement as a strategic imperative and directs agencies to dial back regulations that may hinder AI innovation. Against this backdrop, state guardrails may face growing political and legal headwinds. The next legislative session will be crucial to see how trends persist or recalibrate.

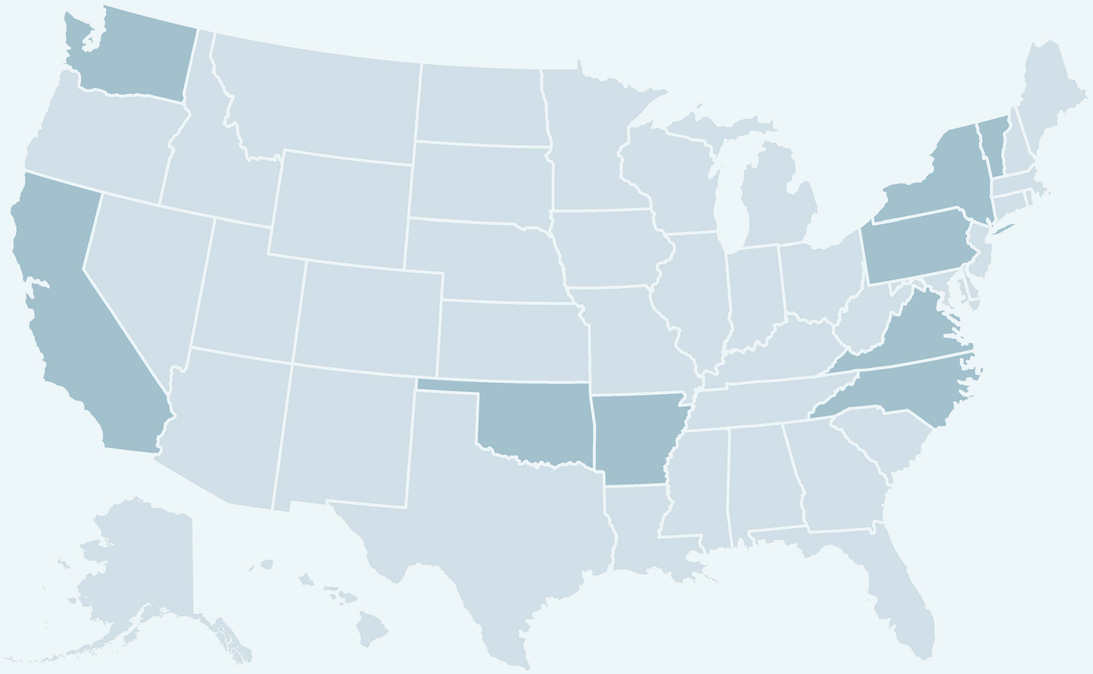
Contents

Transparency in Design & Deployment

DESIGN

Transparency in AI Solution Design

Training Data and Beyond



States do have broad agreement that some level of training data and provenance should be disclosed, but they diverge on audience, content, and enforcement, with some targeting state agencies, others favoring public disclosure.

Oklahoma HB 3577 and Pennsylvania HB 1663 require insurers to submit algorithms and training datasets to agencies, while California AB 412 and New York A 6578 emphasize public-facing dataset summaries. Some states go further and require more detailed information, for example bias mitigation steps, detailed testing and validation outputs, or model architecture.

States Requiring Filing of Training Data with a Government Agency

Oklahoma HB 3577 (2024)

Failed · Insurers

An insurer shall submit the artificial intelligence-based algorithms and training data sets that are being used or will be used in the utilization review process to the Department for transparency (§3(B))

Pennsylvania HB 1663 (2023)

Failed · Insurers

An insurer shall submit the artificial intelligence-based algorithms and training data sets that are being used or will be used in the utilization review process to the department for transparency (Section 3B)

States Requiring Broader AI System Documentation

North Carolina SB 624 (2025)

Pending · Developers

Applicants for a health-information chatbot license must submit detailed documentation of the technical architecture and operational specifications, data-collection, processing, storage and deletion practices, security measures and protocols, privacy protection mechanisms, quality control and testing procedures, risk assessment & mitigation strategies (§ 114B-3(b)(1a-d)).

Vermont HB 341 (2025)

Pending · Deployers · Developers

Each Artificial Intelligence System Safety and Impact Assessment must include: the purpose of the system, deployment context and intended use cases, the benefits of use, any foreseeable risks of unintended or unauthorized uses and mitigation steps, whether the model is proprietary, a description of the data processed or used for training, including whether that data has been processed to remove personal information, copyrighted material, and data designated as “do not train.” It should also include a description of transparency measures, such as informing individuals when the system is in use, and identify any third-party AI systems or datasets the deployer relies on for training or operation. If the developer of the system differs from the deployer, the assessment should state whether the developer disclosed this information and shared testing results, vulnerabilities, and safe-use parameters. It should include a description of the data the system processes post-deployment, the post-deployment monitoring and user safeguards in place, and the oversight process for addressing emerging issues. Finally, the assessment must explain how the model affects consequential decisions or the collection of biometric data. (§ 4193e (b)(1-13).

Arkansas HB 1297 (2025)

Withdrawn · Insurers

A healthcare insurer that offers, issues, renews, delivers, or extends a health benefit plan in this state shall disclose to the following through an applied model card the strengths and limitations of artificial intelligence-based algorithms, including without limitation known biases, performance variability, and populations where artificial based-intelligence algorithms are more less effective, used or to be used in the healthcare insurer’s utilization review process. The disclosure shall include the algorithm criteria, data sets used to train the algorithm, including mitigation of any known bias; the algorithm itself; a description of how the algorithm is used in an applied use case; the outcomes of the software or workflow in which the algorithm is used; and results of independent third-party validation for improved transparency and trustworthiness. (23-63-2102(a)(1-2).

States Requiring Disclosure or Publication of Training Data / Dataset Summaries

California AB 412 (2025)

Pending · Developers

A developer of a GenAI model shall do all of the following: Document any covered materials that the developer knows were used by the developer to train the GenAI model. Make reasonable efforts to identify and document any other covered materials that were used by the developer to train the GenAI model. Make available information on the developer’s internet. (§3116(a-b).

New York AB 6578 (2025)

Passed · Developers

On or before January 1, 2026, the developer of a generative artificial intelligence model or service shall post on the developer’s website documentation regarding the data used by the developer to train the generative artificial intelligence model or service. This includes the sources or owners of the datasets; a description of how the datasets further the intended purpose of the model or service; the number of data points included in the datasets, which may be expressed in ranges, with estimates for dynamic datasets; a description of the types of data points within the datasets; whether the datasets include any data protected by copyright, trademark, or patent, or whether they are entirely in the public domain; whether the datasets were purchased or licensed by the developer. (§ 1422).

Virginia HB 2250 (2025)

Failed · Developers

A developer of a generative artificial intelligence system or service that is made available in the Commonwealth for use, shall post on the developer’s website the following information about the generative artificial intelligence training data set used to train the generative artificial intelligence system or service, including a description of each dataset used, including its name, source, size, contents (copyrighted, Do Not Train, personal, or illegal data), management steps, collection period, and whether synthetic data was used. (§ 59.1-608).

Washington HB 1168 (2025)

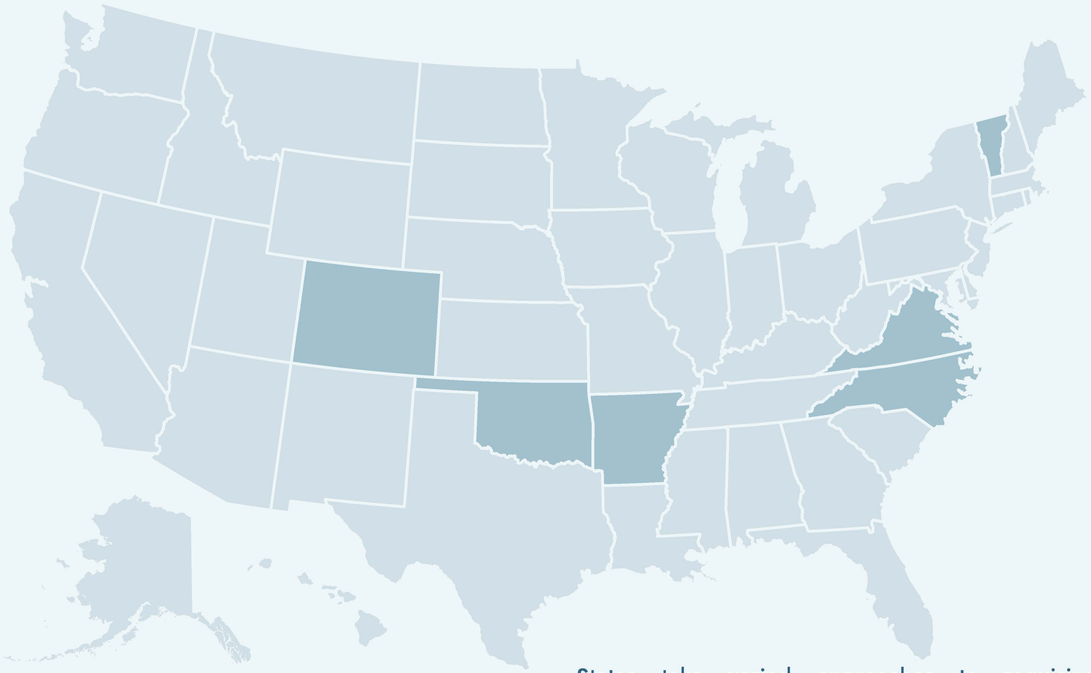
Pending · Developers

On or before January 1, 2026, the developer of a generative artificial intelligence model or service shall post on the developer’s website documentation regarding the data used by the developer to train the generative artificial intelligence model or service. This includes a high-level summary of the datasets used to train the generative AI system, including their sources, purpose, size, types, licensing, personal or aggregate data, modifications, training dates, and whether synthetic data was used. (§ 2 (1)(a)(i)-(xii)).

DEPLOYMENT

Transparency in AI Deployment

Quality Assurance & Impact Assessments



States take varied approaches to requiring validation of AI systems before and during deployment.

While most agree on the need for ongoing oversight, they diverge on scope and frequency. Arkansas HB 1297 and Oklahoma HB 1915 require detailed quality assurance programs for Insurers or Medical Device deployers respectively that require robust testing before use. In contrast, Colorado SB 205 and California SB 420 prioritize system-wide impact assessments and public-facing risk reporting. North Carolina SB 624 diverges with requiring Health AI Chatbot licensees to demonstrate effectiveness through peer-reviewed validation studies with real-world performance data. Virginia HB 747 requires pre-deployment impact assessments for generative AI systems, while Vermont HB 341 goes further by requiring both pre-deployment and biannual reassessments.

States Requiring Ongoing Quality Assurance Testing

Arkansas HB 1297 (2025)

Withdrawn · Insurers

(a)(1) A healthcare insurer shall establish an ongoing, biannual quality assurance testing process that meets requirements established by rule by the Insurance Commissioner that specify defined parameters on safety and efficacy of an artificial intelligence-based algorithm.

(c) A healthcare insurer shall submit the results of the quality assurance testing under subsection (a) of this section to the commissioner at the time and in the form and manner as the commissioner may specify, but not less frequently than semiannually.

(e) Any quality assurance testing shall include:

1. Validation for generalizability as well as mechanisms to support local site testing, where necessary, and on-site monitoring applicability for artificial intelligence solutions to ensure safety, robustness, adaptability, and fairness; and
2. Testing based on the risk level of the model's intended use, with higher-risk applications requiring more rigorous evaluation and monitoring.

(g) Quality assurance testing datasets under this section shall:
Be multi-institutional and representative of Arkansas's demographic makeup;
Explain data provenance and origin;
Contain relevant characteristics pertaining to the artificial intelligence being used;
Be updated regularly to ensure the highest quality data is used at all times (§ 23-63-2107.(a)-(g))

Medical Device-Specific

Oklahoma HB 1915 (2025)

Pending · Developers · Deployers

Deployers shall implement and maintain a Quality Assurance Program to ensure the safe, effective, and compliant use of AI devices in patient care. Deployers of an AI device shall conduct and document regular performance evaluations and risk assessments of the device. All relevant artificial intelligence (AI) device-generated data shall be reviewed for accuracy and validated by a qualified end-user in accordance with deployer-documented policies and procedures before patient care decisions are rendered (§ 2(B) 3(A)).

States Requiring Real-World Quality Assurance

North Carolina SB 624 (2025)

Pending · Developers

A [Health AI Chatbot] licensee shall do all of the following:

Demonstrate effectiveness through peer-reviewed, controlled trials with appropriate validation studies done on appropriate sample sizes with real-world performance data (§ 114B-4.d(1)).

States Requiring Impact Assessments

California SB 420 (2025)

Pending · Developers · Deployers

For a high-risk automated decision system made publicly available for use on or after January 1, 2026, a developer shall perform an impact assessment on the high-risk automated decision system before making the high-risk automated decision system publicly available for use. An impact assessment must describe a high-risk automated decision system's purpose, uses, outputs, data inputs, potential discriminatory impacts, safeguards and monitoring for algorithmic risks, alignment with intended use, and ongoing evaluation. (§ 22756.1. (a)(1))

Colorado SB 205 (2025)

Passed · Developers · Deployers

Beginning February 1, 2026, any developer that offers, sells, leases, licenses, gives, or otherwise makes a high-risk artificial intelligence system available to a deployer or another developer must, to the extent feasible, provide the documentation and information—through artifacts such as model cards, dataset cards, or other impact assessments—necessary for the deployer, or a third party contracted by the deployer, to complete an impact assessment under section 6-1-1703(3).

Beginning February 1, 2026, a deployer, or a third party contracted by the deployer, must complete an impact assessment for each deployed high-risk artificial intelligence system at least annually and within 90 days after any intentional and substantial modification is made. An impact assessment must cover the system's purpose, risks of discrimination and mitigation, data inputs and customization, performance metrics and limits, transparency measures, and post-deployment monitoring and safeguards. (§ 6-1-1702. 3(a) - 6-1-1703 3(a-b).)

Virginia HB 747 (2024)

Pending · Developers · Deployers

No developer that develops or intentionally and substantially modifies a generative artificial intelligence system on or after October 1, 2024, shall offer, sell, lease, give, or otherwise provide such generative artificial intelligence system to any consumer in the Commonwealth or any person doing business in the Commonwealth unless such developer has completed an impact assessment for such generative artificial intelligence system pursuant to this subsection. Each impact assessment must evaluate the system's purpose, usage, past or potential harms to health, safety, or rights, the scale and severity of such harms, whether affected individuals can opt out or are especially vulnerable, and the reversibility of outcomes.(§ 59.1-604 (B))

Virginia HB 2094 (2025)

Failed · Developers · Deployers

Each developer that offers, sells, leases, gives, or otherwise makes available to a deployer or other developer a high-risk artificial intelligence system shall make available to the deployer or other developer to the extent feasible and necessary, information and documentation through artifacts such as system cards or predeployment impact assessments, including any risk management policy designed and implemented and any relevant impact assessment completed, and such documentation and information shall enable the deployer, other developer, or a third party contracted by the deployer to complete an impact assessment as required in (§ 59.1-609. §§ 59.1-608 C)

Vermont HB 341 (2025)

Pending · Developers · Deployers

Each deployer of an inherently dangerous artificial intelligence system shall submit to the Division of Artificial Intelligence an Artificial Intelligence System Safety and Impact Assessment prior to deploying the inherently dangerous artificial intelligence system in this State, and every two years thereafter. Deployers must submit an updated AI System Safety and Impact Assessment after any substantial change to an inherently dangerous AI system, detailing its purpose, use context, benefits, risks and mitigations, proprietary status, training and input data (including handling of personal, copyrighted, or "do not train" data), transparency measures, reliance on third-party systems, developer disclosures, post-deployment monitoring and safeguards, and impacts on consequential decisions or biometric data (§ 4193e.(a-b)).

DEPLOYMENT

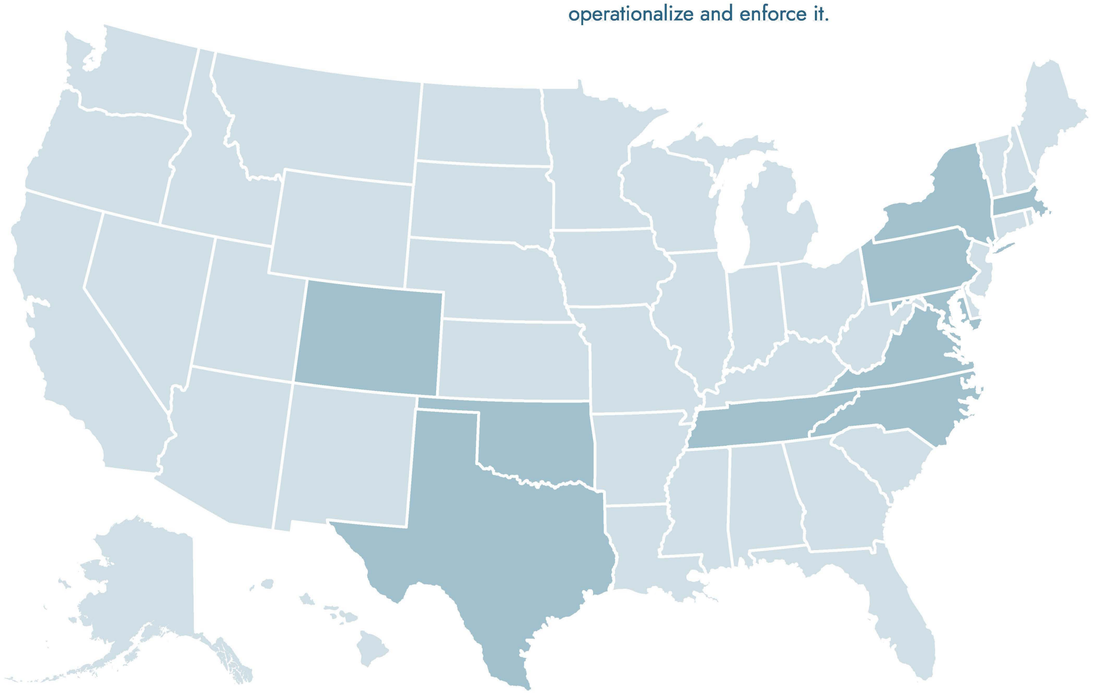
Transparency in AI Solution Deployment

Safety and Bias Assessment & Mitigation

States show strong convergence on the principle that AI systems should not produce discriminatory or unsafe outcomes.

Language prohibiting insurance determinations based solely on a group dataset appears in at least four bills—Maryland HB 820, Massachusetts S46, Iowa SF 562, Tennessee HB 1382 and Alabama HB 515.

However, divergence emerges in technical rigor and enforcement mechanisms: Texas HB 149 ties compliance to adversarial testing, red-teaming, or adherence to NIST or other recognized AI risk frameworks, while New York SB 6953B goes further to require detailed safety protocols. Roles also differ: insurer-focused provisions (MD, MA, OK, TN, PA) emphasize nondiscrimination in coverage decisions; developer obligations (VA, NY, NC, TX) mandate formal risk and safety frameworks; and deployer duties (CA, OK) include ongoing monitoring for bias & safety with requirements for audits, reporting, and corrective actions. These variations illustrate a shared baseline on fairness but wide latitude in how states operationalize and enforce it.



State requirements for insurers in Non-Discrimination & Bias Minimization

AI must not base decisions solely on group datasets; must avoid discrimination and follow clinical guidelines

Maryland HB 820 (2025)

Passed · Insurers

[Insurers must ensure] the use of an artificial intelligence, algorithm, or other software tool does not result in unfair discrimination. An artificial intelligence, algorithm, or other software tool is fairly and equitably applied. The artificial intelligence, algorithm, or other software tool does not base its determination solely on a group dataset (§15-10B-05.1 (C)(2-6)).

Massachusetts S 46 (2025)

Pending · Insurers

Carrier/UR organization must ensure AI bases determinations on medical or other clinical history is non-discriminatory fairly applied, does not supplant health care provider decision-making and open to inspection. The artificial intelligence, algorithm, or other software tool does not base its determination solely on a group dataset (§12(g)(1)(A-B)).

Oklahoma HB 3577 (2024)

Failed · Insurers

The insurer shall submit an attestation to the Department, annually by December 31, in the manner and form prescribed by the Department on its website certifying that these artificial intelligence-based algorithms and training data sets have minimized the risk of bias based on the covered person's race, color, religious creed, ancestry, age, sex, gender, national origin, handicap or disability, and adhere to evidence-based clinical guidelines (§6980.3(B)).

Tennessee HB 1382/SB 1261 (2025)

Pending · Insurers

A health insurance issuer that uses an artificial intelligence, algorithm, or other software tool for the purpose of utilization review or utilization management functions...algorithm, or other software tool does not base its determinations solely on a group dataset (§(b)(2)).

Pennsylvania HB 1663 (2023)

Pending · Insurers

An insurer shall submit the artificial intelligence-based algorithms and training data sets that are being used or will be used in the utilization review process to the department for transparency. The department shall implement a process that allows the department to certify that these artificial intelligence-based algorithms and training data sets have minimized the risk of bias based on the covered person's race, color, religious creed, ancestry, age, sex, gender, national origin, handicap or disability and adhere to evidence based clinical guidelines (§3(b)).

> **"The artificial intelligence, algorithm, or other software tool does not base its determination solely on a group dataset."**
>
> Featured in five state bills (Maryland HB 820, Mass S 46, Tennessee HB 1382, Iowa SF 562, Alabama HB 515).

Case Study

California SB 503 (2025)

SB 503 is unique in its requirements of both developers and deployers to make reasonable efforts to mitigate the risk for biased impacts in the system's outputs resulting from use of the system in health programs or activities.

Broad Safety & Security Protocols for Developers

Requires safeguards, documentation, and testing against risks of harm or misuse

North Carolina SB 624 (2025)

Pending · Developers

A licensee shall conduct regular inspections and perform an annual third- party audit. Results of all inspections and audits must be made available to the Department. A licensee shall...conduct regular security audits no less than once every six (6) months and report breaches within 24 h to DOJ and 48 h to affected consumers. (§114B-4(a-e)).

New York SB 6953B - RAISE Act (2025)

Pending · Developers

Large developers of frontier models must implement, publish, retain, and annually review safety & security protocols (covering critical harm prevention, cybersecurity, testing procedures, accountability. Must disclose protocols to the attorney general and division of homeland security (§1421(1)(a-c)).

Virginia HB 2094 (2025)

Failed · Developers

A developer shall make available to each deployer of a high-risk artificial intelligence system documentation and information sufficient to enable the deployer to understand the system's intended use, known or reasonably foreseeable risks and limitations, methods and results of performance evaluation, mitigation measures to address algorithmic discrimination, and guidance for use and monitoring; such information shall also include any additional documentation reasonably necessary to enable the deployer to complete the impact assessment (§59.1-608(B)-(C)).

Texas HB 149 (2025)

Passed · Developers · Deployers

The defendant discovers a violation of this chapter through: (A) feedback from a developer, deployer, or other person who believes a violation has occurred; (B) testing, including adversarial testing or red-team testing; (C) following guidelines set by applicable state agencies; or (D) if the defendant substantially complies with the most recent version of the "Artificial Intelligence Risk Management Framework: Generative Artificial Intelligence Profile" published by the National Institute of Standards and Technology or another nationally or internationally recognized risk management framework for artificial intelligence systems, an internal review process (§ 552.105(e)(2)(A)-(D)).

Deployment Risk Mitigation & Corrective Actions

Deployers must regularly assess and mitigate safety/bias risks during real-world use

California SB 243 (2025)

Pending · Deployers

Operator must implement safety protocol for self-harm content and publish it; regular independent third-party audits of platform compliance. Operator must annually report counts of suicidal-ideation detections; Office of Suicide Prevention posts aggregate data (§ 22603(a)-(c)).

Oklahoma HB 1915 (2025)

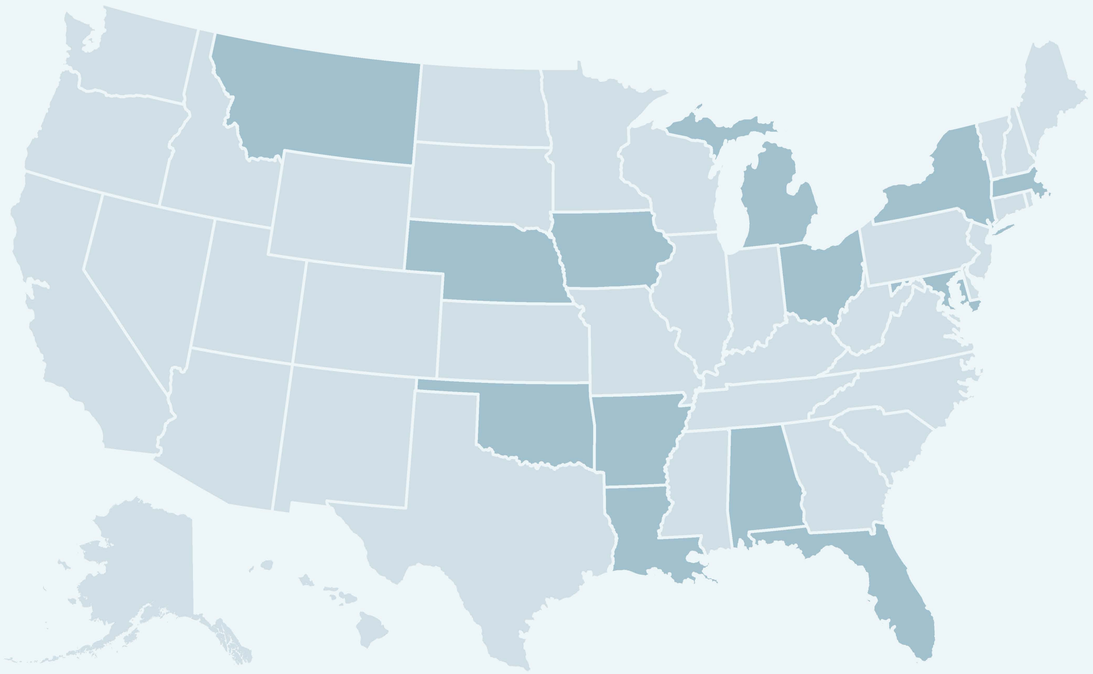
Pending · Developers · Deployers

Deployers of an AI device shall conduct and document regular performance evaluations and risk assessments of the device. Such evaluations and assessments should be informed by invited feedback from qualified end-users and, when applicable, participation in national specialty society-administered AI assessment registries. Whenever AI device performance concerns are identified, deployers shall implement appropriate corrective actions to mitigate risk to patients (§3(C)).

DEPLOYMENT

Transparency in AI Solution Deployment

Autonomous Decision Making



Legislature widely agree on the principle that AI cannot replace clinical judgment.

The majority of bills are related to determinations, and every state requires a human-in-the-loop for medical necessity determinations. Alabama HB 515, Iowa SF 562, Montana HB 556, Nebraska LB 77, Massachusetts S 46, Ohio SB 164, Maryland HB 820, and Michigan HB 4536 all require that denials or adverse determinations be reviewed and decided by a licensed clinician (or qualified peer), not by AI alone. Florida SB 794 broadens this standard to a "qualified human professional," while New York A 3991 and NY S 7896/A 8556 explicitly affirm that clinicians must remain the final authority.

States diverge on scope. Insurer-focused bills emphasize patient-specific data, clinical review, and nondiscrimination. Provider or deployer requirements, such as Louisiana HB 114, extend human oversight to diagnosis and treatment recommendations. Oklahoma HB 1915 goes further still, mandating that deployers document every instance where clinicians override AI outputs, including frequency and nature of disagreements. Together, these bills reflect a strong consensus that AI can support, but never replace, clinical decision-making — with variation in how oversight is operationalized and monitored.

Insurers: AI Cannot Be Sole Basis of Care Decisions

Denial/delay of care must always involve licensed clinicians and patient-specific data

Arkansas HB 1297 (2025)

Withdrawn · Insurers

A healthcare insurer shall not make a decision regarding the care of enrollees based solely on the results derived from the use or application of artificial intelligence (§23-63-2104(a). An artificial intelligence-based algorithm shall not be the sole basis of a decision to deny, delay, or modify healthcare services based in whole or in part on medical necessity (§23-63-2104(b)).

Alabama HB 515 (2025)

Failed · Insurers

> An insurer that uses artificial intelligence, an algorithm, or other software tool…shall adhere to all of the following requirements when making a coverage determination, a) clinical information in the patient's medical history, c) does not base the determination solely on a group dataset, e) avoids direct or indirect discrimination, and defers final medical-necessity decisions to a licensed clinician (§ 1(b)(1-2)).

Iowa SF 562 (2025)

Pending · Insurers

> Health carriers using AI for utilization-review must ensure decisions draw on patient-specific clinical data, do not rely solely on group data sets, and are free from discrimination; shall not deny, delay, or modify health care services based, in whole or in part, on medical necessity - a determination of medical necessity shall be made only by a health care provider competent to evaluate the specific clinical issues involved in the health care services requested by the health care provider by reviewing and considering the requesting health care provider's recommendation (§ 514F.2A(2)(a)–(d)).

Montana HB 556 (2025)

Failed · Insurers

A health insurance issuer that uses artificial intelligence, an algorithm, or other software tool for utilization review shall ensure that determinations are based on the covered person's medical or clinical history….and other relevant clinical information in the covered person's record, and shall not base determinations solely on a group dataset. The tool may not supplant health care provider decision-making, shall not discriminate directly or indirectly against enrollees in violation of state or federal law (§ 1(e)), and must be open to inspection for audit or compliance reviews by the department pursuant to applicable law (§ 1(a-g)).

New York A 3991 (2025)

Pending · Insurers

An artificial intelligence, algorithm, or other software tool used for utilization review shall not supplant health care provider decision making. Notwithstanding subsection (a), any denial, delay, or modification of health care services based on medical necessity shall be made only by a licensed physician or other health care provider competent to evaluate the specific clinical issues involved in the services requested, after considering the requesting provider's recommendation, the enrollee's medical or dental history, and individual clinical circumstances (§ 3224-e(a-b)).

Florida SB 794 (2025)

Failed · Insurers

A denial of a claim or any portion of a claim must be made by a qualified human professional, and an algorithm, artificial intelligence system, or machine learning system may not serve as the sole basis for determining whether to adjust or deny a claim (§ 627.4263(2-5)).

Maryland HB 820 (2025)

Passed · Insurers

An artificial intelligence, algorithm, or other software tool does not replace the role of a health care provider in the determination process under §15–10B–07 of this subtitle §15-10B-05.1(C)(4).

Ohio SB 164 (2025)

Pending · Insurers

No health plan issuer shall make a decision regarding the care of a covered person, including the decision to deny, delay, or modify health care services based on medical necessity, based solely on results derived from the use or application of artificial intelligence. The determination is made by a licensed physician or a provider that is qualified to evaluate the specific clinical issues involved in the requested health care services. (§ 3902.80(C)(1-2)).

Massachusetts S 46 (2025)

Pending · Insurers

The artificial intelligence, algorithm, or other software tool shall not deny, delay, or modify health care services based, in whole or in part, on medical necessity. A determination of medical necessity shall be made only by a licensed physician or a licensed health care professional competent to evaluate the specific clinical issues (§ 12(g)(2)).

Michigan HB 4536

Pending · Insurers

An insurer that delivers, issues for delivery, or renews in this state a health insurance policy shall not deny, modify, or delay a claim based on a review using artificial intelligence (§3406ss).

Nebraska LB 77 (2025)

Passed · Insurers

A utilization review agent shall ensure that all adverse determinations for prior authorization are made by a physician, except that if the requesting health care provider is not a physician, the adverse determination may be made by a clinical peer of the requesting health care provider (§ 4(1)). An artificial intelligence-based algorithm shall not be the sole basis of a utilization review agent's decision to deny, delay, or modify health care services based, in whole or in part, on medical necessity (§ (4), (12(1))).

New York S 7896 / A 8556 (2025)

Pending · Developers · Deployers

The artificial intelligence, algorithm, or other software tool does not supplant health care provider decision-making. Notwithstanding subsection (a) of this section, a denial, delay, or modification of health care services based on medical necessity shall be made by a licensed physician or other health care provider competent to evaluate the specific clinical issue (§4905-a(1-2)).

Use-case dependent

Louisiana HB 114 (2025)

Failed · Deployers

A healthcare provider shall not utilize artificial intelligence to make a decision related to treatment and diagnosis without review and approval by a licensed healthcare professional; To generate a therapeutic recommendation or a treatment plan without review and approval by a healthcare professional (§ 23.5(B)(1-3)).

Document override

Oklahoma HB 1915 (2025)

Failed · Developers · Deployers

Documentation of relevant instances where a qualified end user overrides or disagrees with AI device-generated outputs must be maintained through a summary report indicating the frequency and nature of overrides. Deployers shall document the percentage or number of such overrides or disagreements (§3(D)).

DEPLOYMENT

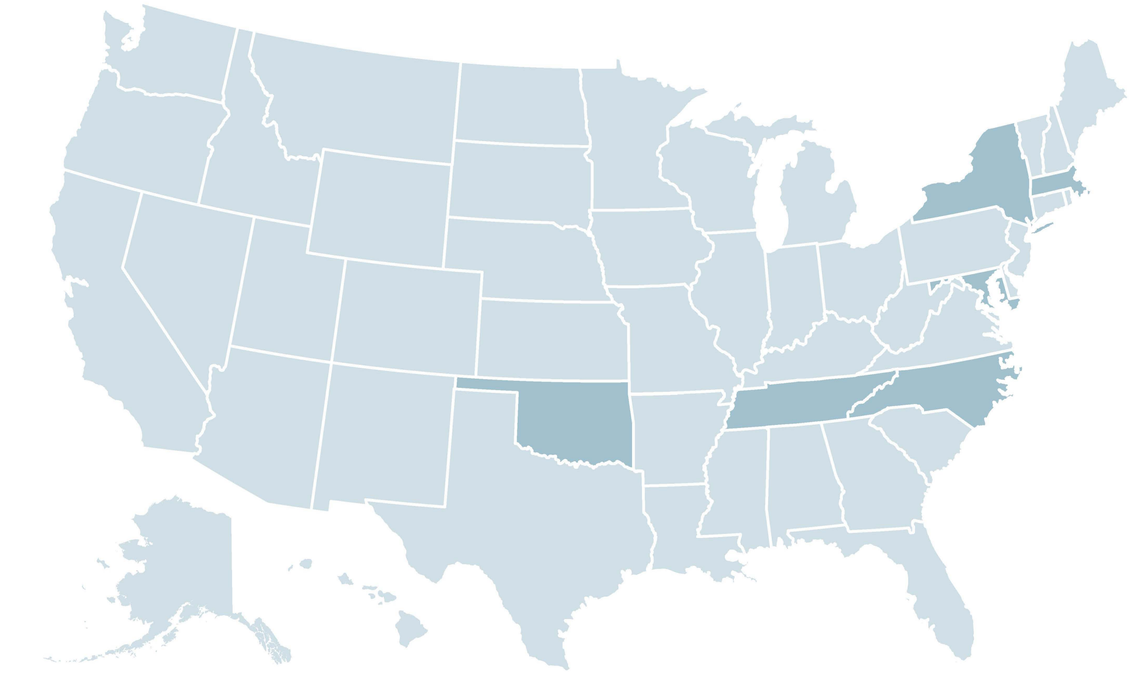
Transparency in AI Solution Deployment

Post-Deployment Monitoring

Oversight after deployment reflects a clear consensus that AI systems require ongoing review to maintain safety and performance.

Maryland HB 820, New York A 3991, New York S 7896, and Tennessee HB 1382/SB 1261 all require periodic evaluations of AI performance, use, and outcomes, with Maryland specifying quarterly reviews. Several states move beyond internal compliance toward external accountability. North Carolina SB 624 mandates continuous monitoring, quarterly performance reporting, and annual third-party audits; Maryland HB 1240 requires audits of provider-used AI against medical and ethical standards; and New York S 1169-A/A 8884 requires independent audits to confirm bias prevention.

Oklahoma HB 1915 diverges by requiring deployers to establish multi-stakeholder AI governance groups, continuously monitor device safety and patient impact, participate in specialty society registries when feasible, and maintain updated inventories accessible to end-users. Filing and inventory requirements in Massachusetts H 1210, New York SB 822, and Oklahoma HB 1915 provide regulators (and in some cases the public) with visibility into deployed systems. Together these measures show convergence on continuous monitoring, but divergence in how transparent, rigorous, and participatory the oversight process should be.



Periodic Review of AI Performance

Quarterly / Ongoing. AI performance, use, and outcomes must be reviewed and revised for accuracy and reliability

Maryland HB 820 (2025)

Passed · Insurers

The performance, use, and outcomes of an artificial intelligence, algorithm, or other software tool are reviewed and revised, if necessary and at least on a quarterly basis, to maximize accuracy and reliability (§ 15–10B-05.1(C)(9)).

New York A 3991 (2025)

Pending · Insurers

The artificial intelligence, algorithm, or other software tool's artificial intelligence performance, use, and outcomes are periodically reviewed and revised to maximize accuracy and reliability (§ 3224-e(a)(7)).

New York S 7896 (2025)

Pending · Developers · Deployers

The artificial intelligence, algorithm, or other software tool's artificial intelligence performance, use, and outcomes are periodically reviewed and revised to maximize accuracy and reliability (§ 4905-a(1)(i)).

Tennessee HB 1382/SB 1261

Pending · Insurers

The health insurance issuer shall periodically review its use of the artificial intelligence, algorithm, or other software tool, as well as the artificial intelligence, algorithm, or other software tool's performance and outcomes, and revise the uses, performance, and outcomes to maximize accuracy and reliability (§ 1(d)).

Oklahoma HB 1915 (2025)

Failed · Developers · Deployers

Deployers of any artificial intelligence (AI) device shall establish an AI governance group with representation from qualified end-users. This governance group is responsible for overseeing compliance with this act § 4(A).

Deployers shall continuously monitor the performance of all deployed AI devices, including assessing any impact on patient safety or the quality of patient care § 4(F).

In conducting performance monitoring described in subsection F of this section, deployers must participate in national specialty society-administered artificial intelligence assessment registries when feasible § 4(G).

Third-Party Audits & Inspections

External audits required to ensure compliance, safety, and fairness

North Carolina SB 624 (2025)

Pending · Developers

A [Health AI Chatbot] licensee shall conduct regular inspections and perform an annual third-party audit. Results of all inspections and audits must be made available to the Department. A licensee shall implement continuous monitoring systems for safety and risk indicators and submit quarterly performance reports including incident reports (§ 114B-4(e-f)).

Maryland HB 1240 (2025)

Failed · Deployers

Each healthcare provider that uses artificial intelligence to determine or influence health care decisions shall undergo a third-party audit to evaluate whether the health care decisions made by an artificial intelligence system (I) align with medical care standards; (II) meet ethical standards; (III) delay care excessively (§ 24-2503(C)(1)).

New York S 1169-A / A 8884 (2025)

Pending · Developers · Deployers

Any developer or deployer that uses, sells, or shares a high-risk AI system shall have completed an independent audit, pursuant to section eighty-seven of this article, confirming that the developer or deployer has taken reasonable care to prevent foreseeable risk of algorithmic discrimination with respect to such high-risk AI system (§ 86(2); §87).

Inventory Requirements

Public or state reporting of AI use, datasets, and risk monitoring

Massachusetts H 1210 (2025)

Pending · Developers

A carrier shall submit to the division of insurance, no later than December 31 each year, a form to be prescribed by the division, which shall detail the artificial intelligence algorithms and data training sets that are currently being used or will be used in the utilization review process by the carrier. A carrier shall also submit an attestation, in a manner and form prescribed by the division, that such algorithms and training data sets have minimized the risk of bias based on the covered person's race, color, religious creed, ancestry, age, sex, gender, national origin, handicap or disability, and adhere to evidence-based clinical guidelines (§ 176O-12(g))

New York SB 822 (2025)

Passed · Agencies

The office shall maintain an inventory of state agency artificial intelligence systems § 103-e(1).

Oklahoma HB 1915 (2025)

Failed · Developers · Deployers

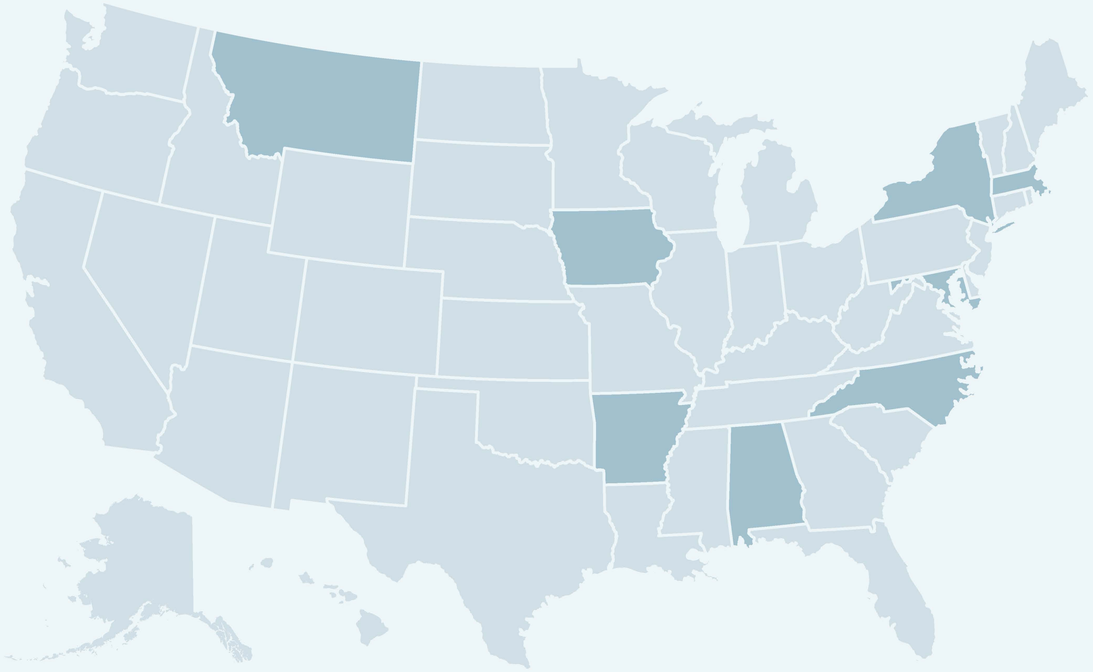
Deployers shall maintain an updated inventory of deployed AI devices, with device instructions for use and any relevant safety and effectiveness documentation made accessible to all qualified end-users of the device (§ 4(B)).

Benchmarks

BENCHMARKS

Transparency in AI Benchmarking

Benchmarking & Performance Standards



Most states agree that AI systems require measurable standards for safety, accuracy, and reliability, but they diverge in defining benchmarks and enforcement.

Arkansas HB 1297 mandates benchmarking AI solutions against nationally recognized standardized metrics, including safety, efficacy, and reliability in representative state populations. North Carolina SB 624 goes further, requiring peer-reviewed validation studies, comparative analysis against human expert performance, and meeting minimum domain benchmarks set by the Department.

Other states — including Alabama HB 515, Iowa SF 562, Maryland HB 820, Massachusetts S 46, Montana HB 556, and New York A 3991 — require periodic reviews of performance, use, and outcomes to maximize accuracy and reliability, though without specifying external benchmarks. These differences create three clear clusters: states prioritizing standardized benchmarks and consensus metrics (Arkansas HB 1297, North Carolina SB 624); those focusing on routine performance reviews and metrics reporting (Alabama HB 515, Iowa SF 562, Maryland HB 820, Massachusetts S 46, Montana HB 556, New York A3991); and those introducing audits and certification cycles as benchmarking tools (New York SB 6953B, NY 1169-A, NY S7896 and Maryland HB 1240).

Standardized Benchmarks & Consensus Metrics

Explicit reference to nationally recognized or state-approved benchmarks for safety, efficacy, reliability

Arkansas HB 1297 (2025)

Withdrawn · Insurers

The requirements under subdivision (a)(1) of this section shall meet standardized benchmarks or definitions achieved by consensus building at a national level. All artificial intelligence solutions shall undergo benchmarking against standardized metrics approved by the commissioner, including without limitation safety, efficacy, and reliability in representative enrollee populations from Arkansas (§ 23-63-2107(a-f)).

North Carolina SB 624 (2025)

Pending · Developers

A [Health AI Chatbot] licensee shall do all of the following: (1) Demonstrate effectiveness through peer-reviewed, controlled trials with appropriate validation studies done on appropriate sample sizes with real-world performance data. (2) Demonstrate effectiveness in a comparative analysis to human expert performance. (3) Meet minimum domain benchmarks as established by the Department . (§ 114B-4(d)).

Annual or Periodic Audit & Reporting Benchmarks

Audits and structured reporting cycles as benchmark mechanisms

New York SB 6953B (2025)

Pending · Developers

A large developer shall conduct an annual review of any safety and security protocol required by this section to account for any changes to the capabilities of their frontier models and industry best practices and, if necessary, make modifications to such safety and security protocol. If any material modifications are made, the large developer shall publish the safety and security protocol in the same manner as required pursuant to paragraph (c) of subdivision one of this section . (§ 1421(3))

New York S 1169-A/ A 8884 (2025)

Pending · Developers

High-risk AI system reporting requirements. Every developer and deployer of a high-risk AI system shall comply with the reporting requirements of this section (§88).

New York S 7896 (2025)

Pending · Deployers

The artificial intelligence, algorithm, or other software tool is open to inspection for audit or compliance reviews by the department (§ 4905-a(g)).

Maryland HB 1240 (2025)

Withdrawn · Deployers

On or before July 1 each year, beginning in 2026, each health care provider that uses artificial intelligence to determine or influence health care decisions shall post on the health care provider's website documentation detailing key data about the decisions made using artificial intelligence in the immediately preceding year (§ 24-2503(A)).

Periodic Review of Performance, Use & Outcomes

Regular, mandated reviews to ensure accuracy and reliability

Alabama HB 515

Failed · Insurers

[An insurer shall] Periodically review use of artificial intelligence, an algorithm, or other software tool, and the outcomes that they generate, including the percentage of denials or modifications of treatment in relation to the total number of requests for the same or similar health care treatment (§ 1 (6)(c)(2)).

Iowa SF 562 (2025)

Pending · Insurers

The artificial intelligence, algorithm, or other software tool's performance, use, and outcomes are periodically reviewed and revised to maximize accuracy and reliability (§ 514F.2A(2)(h)).

Maryland HB 820 (2025)

Passed · Insurers

The performance, use, and outcomes of an artificial intelligence, algorithm, or other software tool are reviewed and revised, if necessary and at least on a quarterly basis, to maximize accuracy and reliability (§ 15–10B–05.1(C)(9)).

Massachusetts S46 (2025)

Pending · Insurers

The artificial intelligence, algorithm, or other software tools performance, use, and outcomes are periodically reviewed and revised to maximize accuracy and reliability (§ 176O-12(g)(1)(l)).

Montana HB 556 (2025)

Failed · Insurers

The artificial intelligence, algorithm, or other software tool's performance, use, and outcomes are periodically reviewed and revised to maximize accuracy and reliability (§ 1(1)(i)).

New York A 3991 (2025)

Pending · Insurers

The artificial intelligence, algorithm, or other software tool's performance, use, and outcomes are periodically reviewed and revised to maximize accuracy and reliability (§ 3224-e(a)(7)).

Disclosure

DISCLOSURE

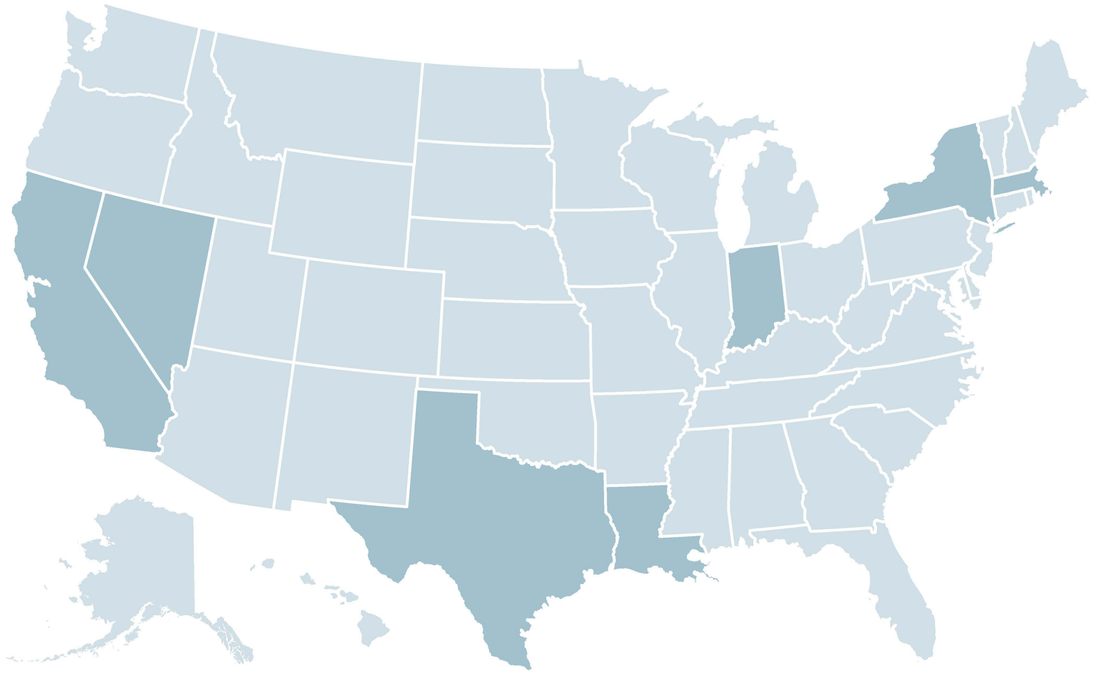
Transparency in AI Disclosure

Patient Communication - the When

States are moving to define when and how patients must be informed that AI is involved in their care.

A strong cluster of bills—Indiana HB 1620, Texas SB 1188, Texas HB 149, California SB 420, Massachusetts H 1210, and New York S 1169-A / A 8884 — require clear, timely notice before or at the time AI is used in consequential coverage and treatment-related decisions, often paired with the right to reach a licensed human professional. Some, like New York S 1169-A, go further by granting patients explicit opt-out rights.

Other states focus narrowly on direct AI-patient interactions: Louisiana HB 114 prohibits AI from interacting with patients about diagnosis or treatment; Nevada SB 186 requires disclaimers and human contact options on AI-generated messages; and Texas HB 149 mandates clear, conspicuous disclosure whenever a consumer interacts with an AI system, banning the use of dark patterns. The approaches show broad agreement on the principle of timely patient notification, but diverge on scope, such as whether disclosure must be done prior, limited to high-risk contexts, or supplemented by restrictions and opt-out guarantees.



Mandatory Patient Notification When AI Is Used in Coverage or Care Decisions

Patients must be explicitly informed when AI is used in coverage or treatment-related decisions

Indiana HB 1620 (2025)

Failed · Insurers

A health care provider that: (1) provides health care to an individual; and (2) uses artificial intelligence technology to: (A) make or inform any decision involved in the provision of the health care to the individual; or (B) generate any part of a communication to the individual regarding the health care, including through a chat bot; shall disclose the use of the artificial intelligence technology to the individual (§ 16-51-2.5(5)).

Texas SB 1188 (2025)

Passed · Developers · Deployers

A health care practitioner who uses artificial intelligence for diagnostic purposes as described by Subsection (a) must disclose the practitioner's use of that technology to the practitioner's patients (§ 183.005(b)).

California SB 420 (2025)

Pending · Developers · Deployers

If a deployer uses a high-risk automated decision system to make a decision regarding a natural person, the deployer shall notify the natural person of that fact and disclose to that natural person all of the following (§ 22756.3(a)(1)-(5)).

Massachusetts H 1210 (2025)

Pending · Insurers · Deployers

[Pertaining to patient consent] to be informed, if the information they are receiving either verbally or in writing has been generated by artificial intelligence, and to be provided with instructions about how to contact a human healthcare provider in the event that such information was not previously reviewed and approved by their provider § 70(E)(b½)

[Pertaining to patient consent] a disclosure if artificial intelligence algorithms or automated decision tools are being utilized or will be utilized in the claims review process, such a disclosure must include a summary of what tools are being used and how they are being used throughout the claims review process (§ 176O(9)).

New York S 1169-A / A 8884 (2025)

Pending · Developers · Deployers

Any deployer that employs a high-risk AI system for a consequential decision shall comply with the following requirements; (i) Inform the end user at least five business days prior to the use of such system for the making of a consequential decision in clear, conspicuous, and consumer-friendly terms, made available in each of the languages in which the company offers its end services, that AI systems will be used to make a decision or to assist in making a decision; (ii) Allow sufficient time and opportunity in a clear, conspicuous, and consumer-friendly manner for the consumer to opt-out of the auto-mated consequential decision process and for the decision to be made by a human representative. A consumer may not be punished or face any other adverse action for opting out of a decision by an AI system and the deployer shall render a decision to the consumer within forty-five days (§86-a(1)).

Restrictions on Direct AI-Patient Interaction

Limits or bans use of AI to communicate directly with patients about treatment/diagnosis

Louisiana HB 114 (2025)

Failed · Deployers

A healthcare provider shall not utilize artificial intelligence to engage in any of the following: (1) To make a decision related to treatment and diagnosis without review and approval by a licensed healthcare professional. (2) To interact directly with a patient in any form of communication related to treatment and diagnosis. (3) To generate a therapeutic recommendation or a treatment plan without review and approval by a healthcare professional (§ 23.5(B)).

Nevada SB 186 (2025)

Failed · Developers · Deployers

A medical facility that uses generative artificial intelligence to generate a written or verbal communication with a patient relating to his or her clinical information shall ensure that the communication includes: (a) A disclaimer stating that the communication was generated by generative artificial intelligence; and (b) Clear instructions describing how the patient may contact a provider of health care, employee of the medical facility or other appropriate person who can provide any assistance the patient may need with respect to the information in the communication (§ 1(1)).

Texas HB 149 (2025)

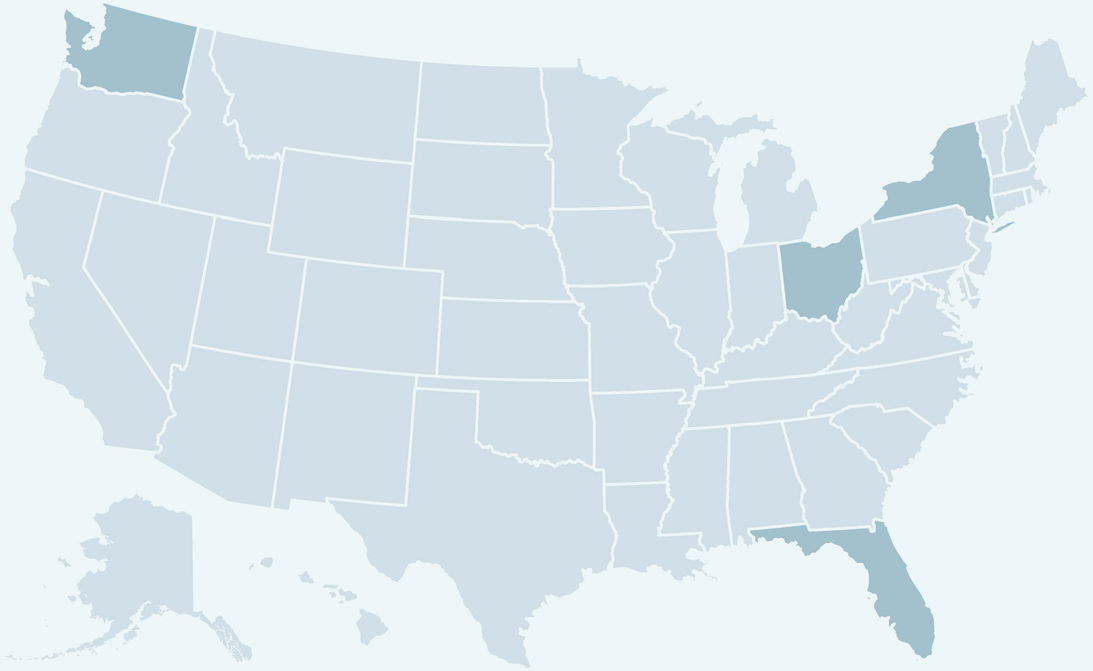
Passed · Developers · Deployers

A person is required to make the disclosure under Subsection (b) regardless of whether it would be obvious to a reasonable consumer that the consumer is interacting with an artificial intelligence system. A disclosure under Subsection (b): (1) must be clear and conspicuous; (2) must be written in plain language; and (3) may not use a dark pattern, as that term is defined by Section 541.001 (§ 552.051(c-d)).

DISCLOSURE

Transparency in AI Disclosure

Patient Communication - the How



States are beginning to legislate not only when patients are notified about AI, but also how those disclosures must be communicated and verified.

Ohio SB 164 requires that any denial, delay, or modification of care involving AI include a plain-language explanation of the rationale used. Florida SB 794 goes further, requiring denial letters to identify the qualified human professional responsible and to affirm that AI was not the sole basis for the decision. New York A3411-B requires owners and operators of generative AI systems to display clear, conspicuous notices in the user interface warning that outputs may be inaccurate.

These approaches illustrate a shift from broad notification duties toward more specific requirements around the form, attribution, and provenance of AI communications.

Disclosure via Explanations of AI Decisions

Must provide clear rationale or human attribution in decision communications

Ohio SB 164

Pending | Insurers

Any decision to deny, delay, or modify health care services covered under a health benefit plan in which an artificial intelligence-based algorithm is used shall be accompanied by a plain language explanation of the rationale used in making the decision (§ 3902.80(C)(4)).

Florida SB 794 (2025)

Pending | Insurers

Denial letter must identify the qualified human professional and affirm that an algorithm or AI system was not the sole basis for the decision (§ 627.4263(6)(b)).

AI Output Labeling & Provenance Tools

Ensures patients/users know when outputs are AI-generated or altered

New York A3411-B (2025)

Pending | Deployers

The owner, licensee or operator of a generative artificial intelligence system shall clearly and conspicuously display a notice on the system's user interface that the outputs of the generative artificial intelligence system may be inaccurate. (§ 1(2)).

DISCLOSURE

Transparency in AI Disclosure

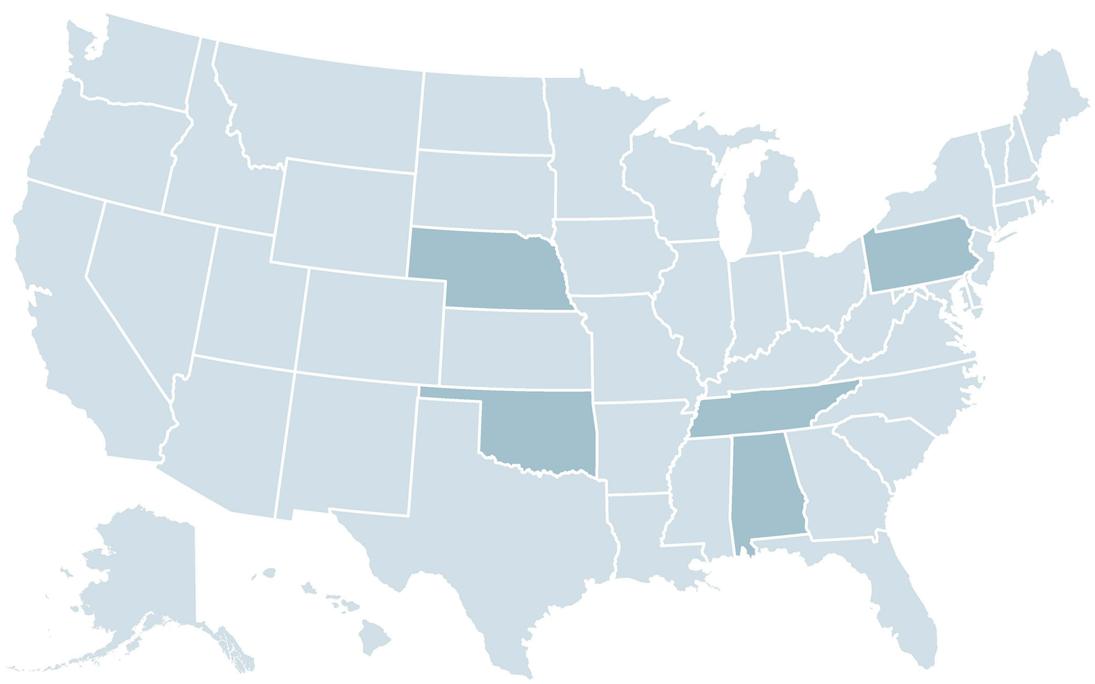
Insurer Disclosure to Providers and Patients

States are converging on the principle that patients and providers deserve clarity when AI influences coverage decisions, but the breadth and visibility of disclosure requirements vary significantly.

Oklahoma HB 3577 and Pennsylvania HB 1663 take the broadest approach, requiring insurers to disclose — to providers, enrollees, and the general public on their websites — whether AI is used, not used, or will be used in utilization review processes. Nebraska LB 77 adds an extra layer by mandating disclosure to the state regulator.

Alabama HB 515 narrows the focus to "prominent written notices" for patients and contracting providers. Tennessee HB 1382/SB 1261 embeds disclosure requirements into insurers' internal written policies and procedures, without mandating proactive public-facing updates.

There seems to be divergence in audience **reach**, from limited policy disclosures to multi-stakeholder notifications, and in **timing**, from proactive updates to more limited, internalized transparency on current and future AI use.



Insurers Must Disclose AI Use in Utilization Review to Providers, Enrollees, and the Public

Broad, multi-audience disclosure requirements – providers, patients, regulators, and websites

Oklahoma HB 3577 (2024)

Pending | Insurers

An insurer shall disclose to a health care provider, all covered persons, and the general public if artificial intelligence based algorithms are used, not used, or will be used in the insurer's utilization review process. An insurer shall disclose information about the use or lack of use of artificial intelligence based algorithms in the utilization review process on the insurer's publicly accessible Internet website (§ 3(A)).

Pennsylvania HB 1663 (2023)

Pending | Insurers

An insurer shall disclose to a health care provider, all covered persons and the general public if artificial intelligence-based algorithms are used, not used or will be used in the insurer's utilization review process. An insurer shall disclose information about the use or lack of use of artificial intelligence-based algorithms in the utilization review process on the insurer's publicly accessible Internet website (§ 1(2)(a)).

Nebraska LB 77 (2025)

Passed | Insurers

A utilization review agent shall disclose to the department, to each health care provider in its network, to each enrollee, and on its public website if artificial intelligence-based algorithms are used or will be used in the utilization review process (§ 12(2)).

Case Study

Disclosure embedded in policies & procedures

More internalized transparency, rather than external public reporting

Tennessee HB 1382/SB 1261

Pending | Insurers

A health insurance issuer shall include disclosures pertaining to the use and oversight of the artificial intelligence, algorithm, or other software tool in the health insurance issuer's written policies and procedures (§ 1(b)).

Case Study

Prominent written disclosure to providers & enrollees

Explicit notices required in communications to providers and patients

Alabama HB 515 (2025)

Pending | Insurers

Make prominent written disclosure to enrollees and to contracting health care providers that artificial intelligence, an algorithm, or other software tool is used in utilization management or utilization review to contribute information to determinations of medical necessity (§ 1 (2)(c)(1)).

DISCLOSURE

Transparency in AI Disclosure

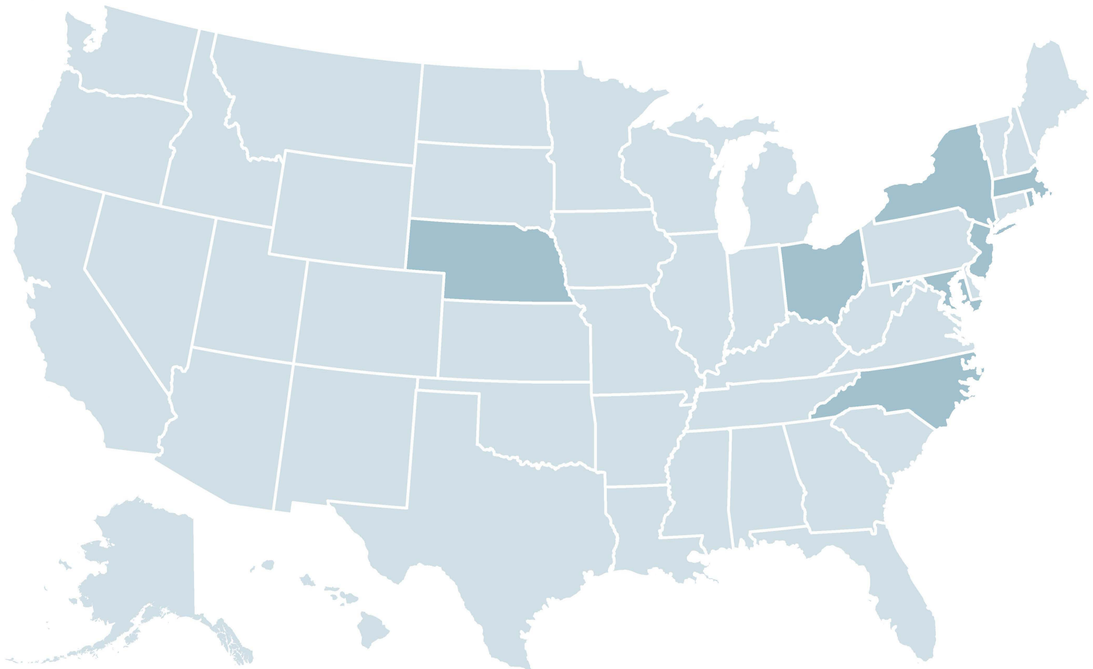
State Reporting Requirements

Insurer-focused provisions dominate: Maryland HB 820, Ohio SB 164, Nebraska LB 77, Massachusetts H1210, New Jersey A3858, and Rhode Island SB 13 all require carriers to report on AI use in utilization review, adverse determinations, training data, and bias mitigation, ranging from quarterly commissioner filings to conspicuous website postings.

Rhode Island's SB 13 is the most expansive, mandating disclosure of model types, datasets, governance policies, performance metrics, and requiring insurers to maintain records of AI-driven determinations for at least five years. New Jersey A 3858 requires carriers to post not only whether AI is used but also the number of claims reviewed with it.

Beyond insurers, some states extend transparency to the public sector: New York SB 822 requires agencies to inventory all AI systems in use and publish them online. Others target developers and providers directly: North Carolina SB 624 mandates disclosure for AI health chatbots, covering limitations, data practices, user rights, and human oversight protocols.

This landscape shows a strong convergence on regular reporting but the divergence is the level of detail required, from basic system listings to detailed datasets, algorithms, and governance documentation.



Regular Reporting on AI Use in Utilization Review

Quarterly/annual reports to regulators on whether AI was used, outcomes, and adverse determinations. From insurers to commissioners/departments.

Maryland HB 820 (2025)

Passed · Insurers

On a quarterly basis, each carrier shall submit to the Commissioner, on the form the Commissioner requires, a report that describes: the number of adverse decisions issued by the carrier under §16 15–10A–02(f) of this subtitle, whether the adverse decision involved a prior authorization or step therapy protocol, [and] the type of service at issue in the adverse decisions, and whether an artificial intelligence, algorithm, or other software tool was used in making the adverse decision. The performance, use, and outcomes of an artificial intelligence, algorithm, or other software tool are reviewed and revised, if necessary and at least on a quarterly basis, to maximize accuracy and reliability (§16 (15)(10A(06)(1)–(3)).

Ohio SB 164

Pending · Insurers

Each health plan issuer, annually, on or before the first day of March, shall file a report with the superintendent of insurance covering all of the following information: (c) Whether the health plan issuer used, is using, or will use artificial intelligence-based algorithms in utilization review processes for those health benefit plans and, if so, all of the following information:

- The algorithm criteria
- Data sets used to train the algorithm
- The algorithm itself
- Outcomes of the software in which the algorithm is used
- Data on the amount of time a human reviewer spends examining an adverse determination prior to signing off on each such determination (§ 3902.80(B)(1)).

Massachusetts H 1210 (2025)

Pending · Insurers

Carriers must file annual forms listing all AI algorithms and training data sets used in utilization review, with an attestation that bias has been minimized (§ 176O-12(g)(7)).

New Jersey A 3858 (2024)

Pending · Insurers

A carrier shall disclose, in a clear and conspicuous location on the carrier's Internet website: whether or not the carrier uses an automated utilization management system; and how many claims were reviewed using the automated utilization management system in the previous year (§ 1(e)).

Rhode Island SB 13

Pending · Insurers

The office of the health insurance commissioner in collaboration with the department of business regulation shall require insurers to disclose how they use artificial intelligence to manage healthcare claims and coverage including, but not limited to, the types of artificial intelligence models used, the role of artificial intelligence in the decision-making process, training datasets, performance metrics, governance and risk management policies, and the decisions on healthcare claims and coverage where artificial intelligence made, or was a substantial factor in making, the decisions; insurers shall submit to the office of the health insurance commissioner and the department of business regulation, upon request, all information, including documents and software, that permits enforcement of this chapter; insurers shall maintain documentation of artificial intelligence decisions for at least five years including adverse benefit determinations where artificial intelligence made, or was a substantial factor in making, the adverse benefit determination (§ 27-83-3(a)(1)–(3), (b)(1)–(2)).

Nebraska LB 77 (2025)

Passed · Insurers

A utilization review agent shall disclose to the department, to each health care provider in its network, to each enrollee, and on its public website if artificial intelligence-based algorithms are used or will be used in the utilization review process (§ 12(2)).

Case Study

State agency AI inventories (public sector transparency)

Agencies must catalog their use of AI tools and make this public

New York SB 822 (2025)

Passed · Operators

Mandates agencies to disclose automated decision-making tools on their websites and requires the Office of Information Technology to maintain an inventory of state agency artificial intelligence systems in use (§ 6).

Developer/Provider Licensing Disclosures to the State

Non-insurer reporting requirements for licensing and approval

North Carolina SB 624 (2025)

Pending · Developers

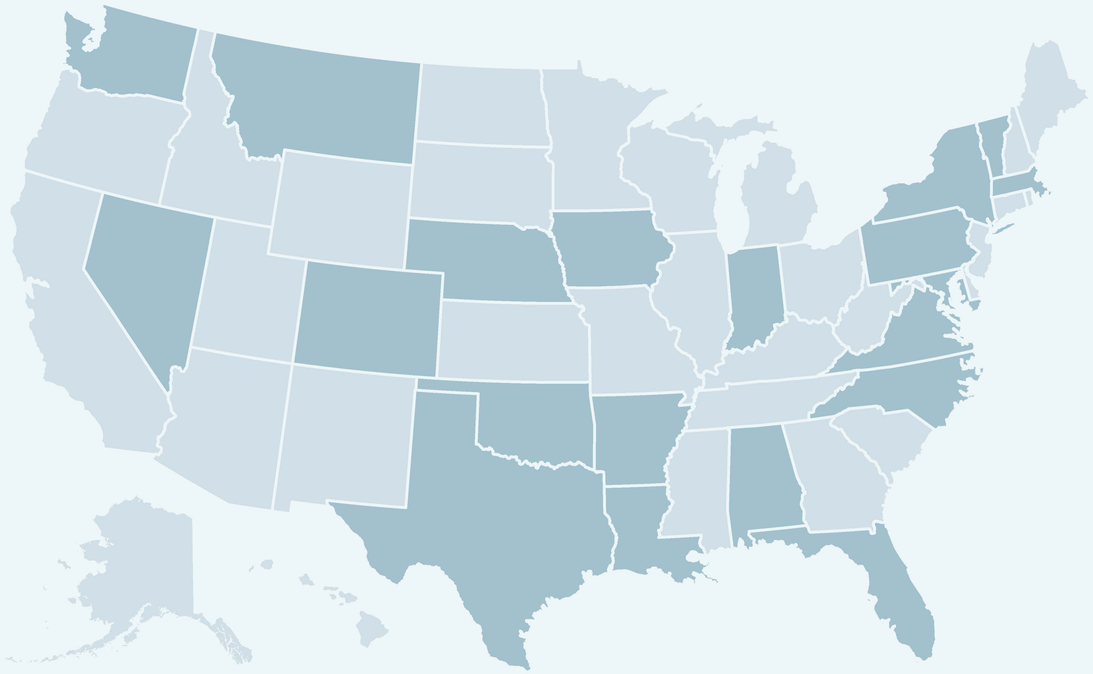
A [Health AI Chatbot] licensee must clearly disclose all of the following:

- The artificial nature of the chatbot
- Limitations of the service
- Data collection and use practices
- User rights and remedies
- Emergency resources when applicable
- Human oversight and intervention protocols (§ 114B-4 (c)(A)(1)–(6)).

Use Case

USE CASE

Use Case Differentiation



State legislation on health AI is congregating around certain use cases that have perceived higher risk.

Most bills concentrate on administrative insurer use cases in utilization review and prior authorization, requiring patient-specific data, banning AI-only denials, and mandating clinician sign-off (e.g., Alabama HB 515, Iowa SF 562, Nebraska LB 77).

Some legislate around direct clinical applications, such as diagnostic or treatment AI, consistently requiring human review and disclosure (e.g., Texas SB 1188, Indiana HB 1620). Others target patient-facing communications and chatbots, imposing disclaimers, human-access requirements, or outright prohibitions in clinical contexts (e.g., Massachusetts H 1210, Louisiana HB 114).

Finally, there are some bills that are more broad and generalized, for example Colorado SB 205 (their "AI Act"), that treats healthcare as one among many consequential domains, layering sector-specific obligations within generalized governance models.

Patient Communications

Chatbots, Messaging, AI-Generated Content

Indiana HB 1620 (2025)
Applies to AI in provider clinical decisions and in insurer/patient communications (e.g., chatbots).

Massachusetts H 1210 (2025)
Applies to providers using AI-generated patient communications and carriers using AI in claims/utilization review; patients must be informed.

Nevada SB 186 (2025)
Generative AI used for patient-facing clinical communications requires disclaimers and human-clinician access.

Louisiana HB 114 (2025)
Explicitly bans AI from direct patient communications for treatment/diagnosis.

Colorado SB 243 (2025)
Applies to "companion chatbots" providing social interaction; requires reporting of suicidal ideation detections.

North Carolina SB 624 (2025)
Applies to health information chatbots; requires audits, breach notifications, disclosure of limitations, and human oversight protocols.

Washington HB 1168 (2025)
Applies to generative AI chatbots/LLMs used in healthcare (patient-facing).

Broad "High-Risk" or Frontier AI Systems

Colorado SB 205 (2025)
Applies to any high-risk AI system with potential algorithmic discrimination.

California SB 420 (2025)
Covers all "high-risk automated decision systems" affecting healthcare services.

New York SB 6953B (2025)
Applies to frontier AI models with high-risk capabilities.

Virginia HB 2250 (2025)
Covers generative AI models in Virginia, including health chatbots.

Clinical Diagnosis & Therapeutics

Louisiana HB 114 (2025)
AI may only support administrative/analytical tasks; treatment/diagnostic outputs require clinician approval.

Texas SB 1188 (2025)
AI may suggest diagnosis/treatment based on patient records if provider reviews all AI-generated records and informs patient.

Texas HB 149 (2025)
Applies broadly to healthcare services or treatment; requires patient-facing disclosure.

Oklahoma HB 1915 (2025)
Applies to FDA-regulated AI medical devices; limited to licensed professional end-users, with QA program and monitoring.

Utilization Review / Utilization Management

Administrative

Alabama HB 515 (2025)
Insurer AI in utilization review; requires patient-specific data, bars group-only datasets, and clinician override for denials.

Arkansas HB 1297 (2025)
Insurer AI in utilization review for health-benefit plans.

Florida SB 794 (2025)
Insurer claim denials; all denials must be reviewed by a qualified human professional.

Iowa SF 562 (2025)
Insurer utilization review/prior authorization; requires patient-specific data, no group-only reliance, clinician sign-off.

Maryland HB 820 (2025)
Insurers must review AI use in utilization review quarterly.

Massachusetts S 46 (2025)
Insurer AI in utilization review; patient-specific data required, clinician override maintained.

Montana HB 556 (2025)
Insurer utilization review/management; requires patient-specific data and clinician involvement.

Nebraska LB 77 (2025)
Utilization review; adverse determinations must be by physicians/clinical peers; AI cannot be sole basis.

New York A 3991 (2025)
Insurer AI in utilization review; governance policies, no supplanting clinicians, periodic review.

New York S 7896 / A 8556 (2025)
Utilization review agents; algorithms filed with DFS for bias certification.

Vermont HB 0341 (2025)
Any consequential decision affecting healthcare/insurance.

Virginia HB 2094 (2025)
"High-risk AI" includes systems affecting healthcare/insurance decisions.

Pennsylvania HB 1663 (2023)
Insurer AI in utilization review subject to transparency and certification.

Oklahoma HB 3577 (2024)
Insurers must disclose AI use in utilization review.

Data Use, Record Generation & Administrative Systems

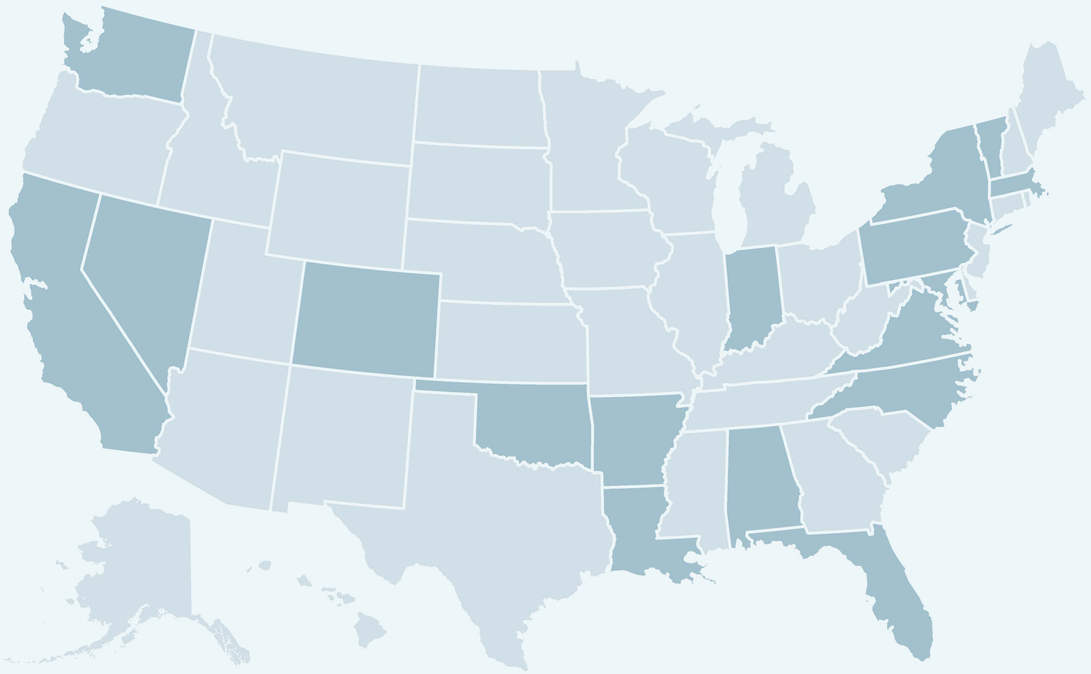
Arkansas HB 1816 (2025)
Applies to AI used in healthcare delivery or generation of medical records.

Nevada SB 199 (2025)
Insurers prohibited from using insured health data to train AI without explicit consent.

Enforcement

ENFORCEMENT

Enforcement



State approaches to enforcing AI obligations in healthcare range from minimal oversight to aggressive penalties and private litigation rights, creating a highly fragmented risk environment.

Some bills, like Indiana HB 1620 and Massachusetts S 46, omit new penalties entirely or rely solely on existing agency powers. Others adopt administrative enforcement, empowering regulators or attorneys general to examine compliance and seek injunctions without specifying substantial financial consequences (e.g., Florida SB 794, Oklahoma HB 1915, Vermont HB 0341).

A larger group introduces moderate civil penalties, typically between $1,000 and $50,000 per violation, often with escalating daily fines or suspension provisions (Arkansas HB 1297, North Carolina SB 624, Nevada SB 186). At the high end, some states frame violations as unfair or deceptive trade practices, impose aggregate caps, or authorize severe penalties for willful misconduct (Oklahoma HB 3577, Pennsylvania HB 1663, California SB 420), while New York SB 6953B sets the most aggressive stance, with fines up to $30 million for violations of its frontier AI framework.

Finally, a notable trend is the rise of private rights of action, seen in Alabama HB 515, Colorado SB 243, and New York S 1169-A, exposing developers, deployers, and insurers to direct consumer lawsuits.

Heavy Penalties for Frontier/High-Risk AI

Multi-million-dollar fines, national-level risk enforcement

New York SB 6953B – RAISE Act (2025)
AG may impose civil penalties up to $10M (first violation) and $30M (subsequent). No private right of action.

High Civil Penalties with Aggregates or Enhanced Enforcement

Substantial penalties with caps, linked to unfair/deceptive trade practices frameworks

Oklahoma HB 3577 (2024)
Fines $5k per violation / $10k willful; annual caps $500k (insurers) and $100k (others); license suspension possible.

Pennsylvania HB 1663 (2023)
Similar to OK: $5k / $10k fines, annual caps $500k (insurers), $100k (others); license suspension or revocation.

Nevada SB 199 (2025)
Violations treated as unfair trade practices under insurance law.

California SB 420 (2025)
Civil penalties $2.5k–$10k for failing to perform assessments; AG/CRD enforcement.

Moderate Civil Penalties

Thousands–Tens of Thousands. Per-violation fines usually ≤ $50k, sometimes with escalating daily or willful multipliers

Arkansas HB 1297 (2025)
Commissioner may fine up to $25k per violation + $10k per week ongoing; suspension of enrollments; restitution to harmed providers/members.

Louisiana HB 114 (2025)
Providers face fines up to $10k per violation.

Maryland HB 1240 (2025)
Dept. of Health may fine up to $10k per offense.

Virginia HB 2094 (2025)
Civil penalties $1k–$10k + attorney fees/costs.

Virginia HB 747 (2024)
Same as HB 2094: $1k–$10k per violation.

Washington HB 1168 (2025)
Civil penalty $5k/day per violation; AG enforcement.

North Carolina SB 624 (2025)
Civil penalties $50k per violation; AG oversight.

Nevada SB 186 (2025)
Civil penalty up to $5k/day + potential professional discipline.

California AB 412 (2025)
Rights holders may sue for $1k per violation; each day counts as a new violation.

Low Enforcement

Indiana HB 1620 (2025)
Notably no enforcement or liability provisions.

Massachusetts S 46 (2025)
Enforced under existing Division of Insurance powers; no new penalties or private right of action.

Private Right of Action & Injunctive Relief

Individuals can sue for damages + injunctive relief; creates direct liability to consumers/patients

Alabama HB 515 (2025)
Individuals may bring private suits for compensatory/punitive damages, injunctive relief, costs, and attorney fees.

Colorado SB 243 (2024)
Private right of action for injunctive relief + damages ≥ $1k per violation.

New York S 1169-A / A 8884 (2025)
Creates private right of action; developers/deployers legally responsible for AI-driven consequential decisions; AG enforcement + ≤ $20k per violation + restitution.

Administrative / Agency-Level Enforcement Only

Agencies empowered to review or enforce, but penalties not specified or limited

Florida SB 794 (2025)
Florida OIR may examine insurers; penalties tied to existing Insurance Code.

Oklahoma HB 1915 (2025)
State Dept. of Health sets penalties and rules.

Vermont HB 0341 (2025)
AG may seek injunctions; obligations on developers/deployers to ensure safety, but penalties not clearly financial.

Virginia HB 2250 (2025)
AG may seek injunctions and civil penalties up to $7,500 per violation.

About CHAI

The Coalition for Health AI (CHAI) is a non-profit, industry-led public-private partnership dedicated to advancing responsible AI in healthcare. Representing over 6,000 members from over 3,000 organizations—including more than 200 health systems, leading academic centers, patient advocacy groups, startups, and technology innovators—CHAI brings together diverse stakeholders to create consensus-driven best practices, assurance frameworks, and practical tools.

Our mission is to foster trustworthy, transparent, and equitable AI adoption that improves care quality, safety, and outcomes. Through initiatives like the Blueprint for Trustworthy AI, the Responsible AI Guide, and the widely adopted Applied Model Card, CHAI translates high-level principles into actionable standards that support developers, health systems, policymakers, and patients alike.

Get in touch at
admin@chai.org

Visit our website

Connect on
LinkedIn

CHAI

Coalition for Health AI