2025 -- S 0013 SUBSTITUTE A

S T A T E   O F   R H O D E   I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N   A C T

RELATING TO INSURANCE -- THE TRANSPARENCY AND ACCOUNTABILITY IN ARTIFICIAL INTELLIGENCE USE BY HEALTH INSURERS TO MANAGE COVERAGE AND CLAIMS ACT

Introduced By: Senators Ujifusa, Lawson, Bell, Gu, Zurier, Mack, Acosta, DiMario, Burke, and Lauria

Date Introduced: January 23, 2025

Referred To: Senate Artificial Intelligence & Emerging Tech

It is enacted by the General Assembly as follows:

1   SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended by

2   adding thereto the following chapter:

3   CHAPTER 83

4   THE TRANSPARENCY AND ACCOUNTABILITY IN ARTIFICIAL INTELLIGENCE USE

5   BY HEALTH INSURERS TO MANAGE COVERAGE AND CLAIMS ACT

6   **27-83-1. Short title and purpose.**

7   (a) This chapter shall be known and may be cited as "The Transparency and Accountability

8   in Artificial Intelligence Use by Health Insurers to Manage Coverage and Claims Act."

9   (b) The purpose of this chapter is to regulate the use of artificial intelligence (AI) by health

10   insurers to ensure transparency, accountability and compliance with state and federal requirements

11   for claims and coverage management.

12   **27-83-2. Definitions.**

13   As used in this chapter, the following terms shall have the following meanings, unless the

14   context clearly indicates otherwise:

15   (1) "Adverse benefit determination" means a decision not to authorize a healthcare service,

16   including a denial, reduction, or termination of, or a failure to provide or make a payment, in whole

17   or in part, for a benefit. A decision by a utilization-review agent to authorize a healthcare service

18   in an alternative setting, a modified extension of stay, or an alternative treatment shall not constitute

1 an adverse benefit determination if the review agent and healthcare provider are in agreement

2 regarding the decision. Adverse benefit determinations include:

3 (i) "Administrative adverse benefit determinations" means any adverse benefit

4 determination that does not require the use of medical judgment or clinical criteria such as a

5 determination of an individual's eligibility to participate in coverage, a determination that a benefit

6 is not a covered benefit, or any rescission of coverage; and

7 (ii) "Non-administrative adverse benefit determinations" means any adverse benefit

8 determination that requires or involves the use of medical judgement or clinical criteria to

9 determine whether the service being reviewed is medically necessary and/or appropriate. This

10 includes the denial of treatments determined to be experimental or investigational, and any denial

11 of coverage of a prescription drug because that drug is not on the healthcare entity's formulary.

12 (2) "Artificial intelligence" means a machine-based system that can, for a given set of

13 human-defined objectives, make predictions, recommendations or decisions influencing real or

14 virtual environments. Artificial intelligence systems use machine and human-based inputs to:

15 (i) Perceive real and virtual environments;

16 (ii) Abstract such perceptions into models through analysis in an automated manner; and

17 (iii) Use model inference to formulate options for information or action.

18 (3) "Enrollee" means an individual who has health insurance coverage through an insurer.

19 (4) "Insurer" means an insurance company licensed, or required to be licensed, by the State

20 of Rhode Island or other entity subject to the jurisdiction of the commissioner or the jurisdiction of

21 the department of business regulation pursuant to chapter 62 of title 42, that contracts or offers to

22 contract, or enters into an agreement to provide, deliver, arrange for, pay for, or reimburse any of

23 the costs of healthcare services, including, without limitation: a for-profit or nonprofit hospital,

24 medical or dental service corporation or plan, a health maintenance organization, a health insurance

25 company, or any other entity providing a plan of health insurance, accident and sickness insurance,

26 health benefits, or healthcare services.

27 (5) "Medically necessary care" means a medical, surgical, or other service required for the

28 prevention, diagnosis, cure, or treatment of a health-related condition including any such services

29 that are necessary to prevent or slow a decremental change in either medical or mental health status.

30 **27-83-3. Requirements.**

31 (a) Transparency.

32 (1) The office of the health insurance commissioner (OHIC) in collaboration with the

33 department of business regulation (DBR) shall require insurers subject to this chapter to disclose

34 how they use artificial intelligence to manage healthcare claims and coverage including, but not

1   limited to, the types of artificial intelligence models used, the role of artificial intelligence in the

2   decision-making process, training datasets, performance metrics, governance and risk management

3   policies, and the decisions on healthcare claims and coverage where artificial intelligence made, or

4   was a substantial factor in making, the decisions.

5   (2) Insurers shall submit to the office of the health insurance commissioner and the

6   department of business regulation, upon request, all information, including documents and

7   software, that permits enforcement of this chapter.

8   (3) Insurers shall maintain documentation of artificial intelligence decisions for at least five

9   (5) years including adverse benefit determinations where artificial intelligence made, or was a

10   substantial factor in making, the adverse benefit determination.

11   (b) DBR/OHIC reporting.

12   (1) DBR/OHIC shall provide an annual report to the governor, the senate president and the

13   speaker of the house on the use of artificial intelligence by health insurers.

14   (2) The annual report shall state how health insurers use artificial intelligence to manage

15   claims and coverage. The report shall state for each insurer:

16   (i) The types of artificial intelligence models used;

17   (ii) The role of artificial intelligence in the decision-making process to approve or deny

18   healthcare claims or coverage whenever artificial intelligence is used to make, or is a substantial

19   factor in making, a decision on healthcare claims or coverage;

20   (iii) Information regarding training, testing, and risk management including data

21   governance measures used to cover the training data sets and the measures used to examine the

22   suitability of data sources, possible biases and appropriate mitigation; and

23   (iv) Performance metrics including, number of claims, percentage of claims accepted and

24   denied; the average time claim reviewers and medical professional reviewers spend on each claim

25   and on denials of claims; percentage of claims appealed and percentage of denials reversed.

26   (3) By June 30, 2026, DBR/OHIC shall promulgate rules and regulations setting forth

27   requirements for health insurers covered under this chapter to comply with the reporting

28   requirements of this chapter.

29   **27-83-4. Adverse benefit determination review.**

30   Any adverse benefit determination made by an artificial intelligence system regarding

31   medically necessary care must be reviewed and approved by a qualified healthcare professional

32   before being finalized, with documentation of their rationale included in the enrollee's case record.

33   **27-83-5. Severability.**

34   If any provision of this chapter is found unconstitutional, preempted, or otherwise invalid,

1   that provision shall be severed, and such decision shall not affect the validity of the remaining

2   provisions of this chapter.

3   SECTION 2. This act shall take effect June 30, 2026.

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

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RELATING TO INSURANCE -- THE TRANSPARENCY AND ACCOUNTABILITY IN
ARTIFICIAL INTELLIGENCE USE BY HEALTH INSURERS TO MANAGE COVERAGE
AND CLAIMS ACT

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1   This act would promote transparency and accountability in the use of artificial intelligence

2   by health insurers to manage coverage and claims.

3   This act would take effect June 30, 2026.

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