BILL SUMMARY
2nd Session of the 59th Legislature

Bill No.:	**HB 3577**
Version:	**PCS1**
Request Number:	**10007**
Author:	**Rep. Pae**
Date:	**2/19/2024**
Impact:	**$0**

Research Analysis

The proposed committee substitute to House Bill 3577 establishes the "Artificial Intelligence Utilization Review Act," which mandates insurers to disclose the use of AI algorithms in their utilization review process and submit them to the Oklahoma Insurance Department annually by December 31, insurers must submit an attestation, following the Department's prescribed format on its website, certifying that these algorithms and data sets minimize bias risk based on various factors and adhere to evidence-based clinical guidelines. Additionally, specialists are required to conduct individualized reviews before making denial decisions based on AI algorithms. Violations of the act constitute unfair or deceptive practices and may result in penalties, including fines and license suspension.

Prepared By: Matthew Brenchley

Fiscal Analysis

HB 3577 requires health insurers to disclose to health care providers and individuals whether or not artificial intelligence-based algorithms are being used in the insurer's utilization review process. The insurer must disclose the information on their website and submit the algorithms and training data sets being used in their utilization review process to the Oklahoma Insurance Department (OID).

OID is responsible for enforcing the provisions of this measure and may impose a penalty up to five thousand dollars ($5,000) for each violation or up to ten thousand dollars ($10,000) for each intentional violation. OID is a non-appropriated state agency and confirmed the fees above are expected to cover any increased administrative costs, not requiring additional budgetary resources. As a result, this measure has no direct impact on the state budget or appropriations.

The proposed committee substitute does not affect the fiscal impact of this measure.

Prepared By: Alexandra Ladner, House Fiscal Staff

Other Considerations

None.