

## **BILL ANALYSIS**

Senate Research Center

S.B. 815  
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Business & Commerce  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

As artificial intelligence (AI) technology rapidly expands, its adoption by health insurers has outpaced the establishment of necessary guardrails, leaving consumers unprotected. While artificial intelligence has significant potential to support the healthcare system, there is limited data on its usage or accuracy, and consumer protections remain absent. AI relies on algorithms to perform tasks, an approach that minimizes the unique needs of patients. Without safeguards, algorithms risk being designed to prioritize the interests of health insurance companies over patients. Reports of AI use by insurers are increasing, with applications ranging from processing documentation to reviewing claims and prior authorization requests.

The use of AI puts patients at risk. A lack of transparency leaves them vulnerable to faulty algorithms or missing critical details. The Texas Department of Insurance (TDI) also lacks clear authority to monitor and enforce compliance, highlighting the need for regulatory guidance and oversight.

S.B. 815 adds a new section to the Insurance Code that prohibits the use of artificial intelligence algorithms as the sole basis to deny, delay, or modify health care services, in whole or in part, for medical necessity reasons. The bill gives TDI the ability to audit and inspect a health benefit plan's use of AI for utilization review in order to ensure compliance with the prohibition.

(Original Author's/Sponsor's Statement of Intent)

S.B. 815 amends current law relating to the use of certain automated systems in, and certain adverse determinations made in connection with, the health benefit claims process.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 4201.002, Insurance Code, by amending Subdivision (1) and adding Subdivisions (1-a), (1-b), and (1-c) to redefine "adverse determination" and to define "algorithm," "artificial intelligence system," and "automated decision system."

SECTION 2. Amends Subchapter D, Chapter 4201, Insurance Code, by adding Section 4201.156, as follows:

Sec. 4201.156. USE OF AUTOMATED DECISION SYSTEM FOR ADVERSE DETERMINATIONS. (a) Prohibits a utilization review agent from using an automated decision system to make, wholly or partly, an adverse determination.

(b) Authorizes the commissioner of insurance to audit and inspect at any time a utilization review agent's use of an automated decision system for utilization review.

(c) Provides that this section does not prohibit the use of an algorithm, artificial intelligence system, or automated decision system for administrative support or fraud-detection functions.

SECTION 3. Amends Section 4201.303(a), Insurance Code, to require that notice of an adverse determination include certain information, including a description of and, rather than or, the source of the screening criteria and review procedures used as guidelines in making the adverse determination.

SECTION 4. Makes application of Chapter 4201 (Utilization Review Agents), Insurance Code, as amended by this Act, prospective to January 1, 2026.

SECTION 5. Effective date: September 1, 2025.