Texas Association of Health Plans
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February 27, 2025

Re: Senate Bill 815

Dear Chairman Schwertner and Members of the Business and Commerce Committee,

As the statewide association representing health insurers, HMOs, Medicaid managed care, and other health plans that provide coverage for over 20 million Texans, the Texas Association of Health Plans (TAHP) appreciates the opportunity to share our perspective on how to thoughtfully approach artificial intelligence (AI) regulation in health insurance. TAHP supports thoughtful regulation of AI in health care and appreciates the Committee's attention to this issue. As the Committee considers SB 815, we want to highlight the existing safeguards in Texas law and AI's role in improving patient care.

We share your concerns about the inappropriate use of artificial intelligence and strongly agree that no plan should solely rely on AI to deny prior authorization or utilization review requests. Texas already has some of the strongest patient-protection laws in the country, requiring a qualified Texas-licensed physician to personally review and make any denial decisions. As the Texas Department of Insurance (TDI) has noted, any use of AI to deny claims would already be a violation of existing laws, and TDI is not aware of any health plans operating outside of those requirements. The agency reiterated this point during an interview about Senate Bill 815:

> *"We're not aware of any plans that are using A.I. to deny claims – which would clearly violate existing requirements. State law requires Texas-licensed healthcare professionals to review claim denials."*

While we share concerns about AI's role in denials, we caution the Committee against additional AI prohibitions that could have unintended consequences for innovation in health care. We encourage the Legislature to recognize AI's potential to expedite approval processes, improve patient safety and evidence-based care, and dramatically reduce administrative burden.

Real-time, AI-driven approvals are an extremely encouraging development, as they ensure patients get care as quickly as possible while simultaneously reducing provider abrasion. One health plan reports that AI-driven systems can process approvals up to 1,400 times faster than

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older methods. This can cut down on patient wait times and let doctors focus on caring for patients rather than dealing with paperwork.

AI is also lowering administrative and medical costs, with studies showing a possible 25% drop in administrative expenses and an 11% drop in medical costs. These savings can help lower premiums for Texas families and employers. Plus, patient connectivity is better than ever thanks to AI tools that offer real-time advice based on each person's medical history and health needs.

AI also offers immense opportunities for addressing fraud, waste, and abuse in health care. The Texas Office of Inspector General estimates we lose around 10% of health care spending due to these issues every year. AI tools can analyze large datasets of millions of medical claims to identify patterns and anomalies that could indicate fraudulent activity, such as unusual billing practices, suspicious patient demographics, or outlier treatment patterns. Texas has the fifth highest health care spending in the nation. Efforts to protect patients should not inadvertently also protect fraud, waste, and abuse.

Thank you for your time and consideration of our perspective on Senate Bill 815. TAHP looks forward to working with the Committee to ensure Texas maintains a regulatory environment that encourages responsible innovation. We urge lawmakers to preserve AI's ability to improve patient care, reduce administrative burdens, and combat rising health care costs. Striking the right balance will allow Texas to continue leading in both patient protections and health care innovation. We stand ready to answer any questions and provide additional information.

Sincerely,

Jamie Dudensing

Jamie Dudensing, CEO
Texas Association of Health Plans