

## AN ACT

relating to the use of certain automated systems in, and certain adverse determinations made in connection with, the health benefit claims process.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 4201.002, Insurance Code, is amended by amending Subdivision (1) and adding Subdivisions (1-a), (1-b), and (1-c) to read as follows:

(1) "Adverse determination" means a determination by a utilization review agent that health care services provided or proposed to be provided to a patient are not medically necessary or appropriate or are experimental or investigational.

(1-a) "Algorithm" means a computerized procedure consisting of a set of steps used to accomplish a determined task.

(1-b) "Artificial intelligence system" means any machine learning-based system that, for any explicit or implicit objective, infers from the inputs the system receives how to generate outputs, including content, decisions, predictions, and recommendations, that can influence physical or virtual environments.

(1-c) "Automated decision system" means an algorithm, including an algorithm incorporating an artificial intelligence system, that uses data-based analytics to make, suggest, or recommend certain determinations, decisions, judgments, or conclusions.

SECTION 2. Subchapter D, Chapter 4201, Insurance Code, is amended by adding Section 4201.156 to read as follows:

Sec. 4201.156. USE OF AUTOMATED DECISION SYSTEM FOR ADVERSE DETERMINATIONS. (a) A utilization review agent may not use an automated decision system to make, wholly or partly, an adverse determination.

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

(c) 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. Section 4201.303(a), Insurance Code, is amended to read as follows:

(a) Notice of an adverse determination must include:

- (1) the principal reasons for the adverse determination;
- (2) the clinical basis for the adverse determination;
- (3) a description of and ~~or~~ the source of the screening criteria and review procedures used as guidelines in making the adverse determination; and
- (4) a description of the procedure for the complaint and appeal process, including notice to the enrollee of the enrollee's right to appeal an adverse determination to an independent review organization and of the procedures to obtain that review.

SECTION 4. Chapter 4201, Insurance Code, as amended by this Act, applies only to utilization review conducted for a health benefit plan delivered, issued for delivery, or renewed on or after January 1, 2026. Utilization review conducted for a health benefit plan delivered, issued for delivery, or renewed before January 1, 2026, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 5. This Act takes effect September 1, 2025.

I hereby certify that S.B. No. 815 passed the Senate on  
March 26, 2025, by the following vote: Yeas 30, Nays 0, one  
present not voting.

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Secretary of the Senate

I hereby certify that S.B. No. 815 passed the House on  
May 24, 2025, by the following vote: Yeas 116, Nays 13, two  
present not voting.

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Chief Clerk of the House

Approved:

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Date

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Governor