

JAN 23 2026

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# A BILL FOR AN ACT

RELATING TO HEALTH CARE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that there is a growing  
2 use of artificial intelligence by major health insurance  
3 providers when making coverage and claims decisions, which can  
4 adversely affect the ability of the State's residents to obtain  
5 appropriate and timely medical care. The legislature further  
6 finds that the use of artificial intelligence in health care  
7 decision-making raises serious concerns regarding transparency  
8 and accountability in health insurance decisions, particularly  
9 with regard to determining wrongful denials of health insurance  
10 claims.

11           The purpose of this Act is to:

- 12           (1) Regulate the use of artificial intelligence,  
13                 algorithms, and other software tools for purposes of  
14                 decision-making in health insurance utilization  
15                 reviews; and
- 16           (2) Require a licensed physician or other licensed health  
17                 care provider to review all adverse actions made by



1           the health carrier before the health carrier may take  
2           an adverse action.

3           SECTION 2. Chapter 432E, Hawaii Revised Statutes, is  
4 amended by adding two new sections to part II to be  
5 appropriately designated and to read as follows:

6           "§432E-        Artificial intelligence, algorithms, software  
7 tools; utilization review; restrictions. (a) Any health  
8 carrier or utilization review organization that uses artificial  
9 intelligence, an algorithm, or other software tool for the  
10 purpose of utilization review, or that contracts with or  
11 otherwise works through an entity that uses artificial  
12 intelligence, an algorithm, or other software tool for the  
13 purpose of utilization review shall ensure that the artificial  
14 intelligence, algorithm, or other software tool:

15           (1) Bases its determination on the following information,  
16           as applicable:

- 17           (A) The enrollee's medical or clinical history;  
18           (B) Individual clinical circumstances as presented by  
19           the requesting provider; and  
20           (C) Other relevant clinical information contained in  
21           the enrollee's medical or other clinical record;



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- 1        (2) Does not base its determination solely on a group  
2        dataset;
- 3        (3) Is fairly applied, including in accordance with any  
4        applicable federal or state regulations or with any  
5        guidance issued by the federal Department of Health  
6        and Human Services;
- 7        (4) Is configured and applied in a standard and consistent  
8        manner for all enrollees and all group health benefit  
9        plans so that all resulting decisions are the same for  
10       all patients with similar clinical presentation and  
11       considerations;
- 12       (5) Is open to inspection for audit or compliance reviews  
13       by the insurance commissioner;
- 14       (6) Does not directly or indirectly cause harm to the  
15       enrollee; and
- 16       (7) Performance, use, and outcomes are reviewed and  
17       revised at least quarterly to maximize accuracy and  
18       reliability.
- 19       (b) A health carrier or utilization review organization  
20       that uses artificial intelligence, an algorithm, or other  
21       software tool for the purpose of utilization review shall



1 provide a written disclosure on how the artificial intelligence,  
2 algorithm, or other software tool is used in the utilization  
3 review process in each policy, plan, contract, or agreement  
4 issued by a health carrier in the State.

5 (c) A health carrier or utilization review organization  
6 shall not use artificial intelligence, an algorithm, or other  
7 software tool to deny, delay, or modify a determination to  
8 provide health care services.

9 §432E- Adverse actions; health care provider

10 independent review. (a) Before a health carrier may issue an  
11 adverse action, including a denial of a request for prior  
12 authorization, a licensed health care provider shall conduct an  
13 independent review of the claim.

14 (b) The licensed health care provider's independent review  
15 shall consist of reviewing and considering the requesting  
16 provider's recommendation; the enrollee's medical or other  
17 clinical history, as applicable; and the individual clinical  
18 circumstances.

19 (c) When conducting the independent review of the adverse  
20 action, the licensed health care provider shall exercise  
21 independent medical judgment and shall not rely solely on



1 recommendations from any other sources, including any artificial  
2 intelligence, algorithm, or other software tool.

3 (d) For the purposes of this section, "licensed health  
4 care provider" means a physician or osteopathic physician  
5 licensed pursuant to chapter 453, an advanced practice  
6 registered nurse licensed pursuant to chapter 457, a  
7 psychologist licensed pursuant to chapter 465, or any other  
8 health care provider licensed to practice in the State who is  
9 competent to evaluate the specific clinical issues involved in  
10 the health care services that are the subject of the claim."

11 SECTION 3. Section 432E-1, Hawaii Revised Statutes, is  
12 amended by adding three new definitions to be appropriately  
13 inserted and to read as follows:

14 "Algorithm" means a computerized procedure consisting of a  
15 series of analytical steps used to accomplish a determined task.

16 "Artificial intelligence" means an engineered or machine-  
17 based system that varies in its level of autonomy and that can,  
18 for explicit or implicit objectives, infer from inputs how to  
19 generate outputs, including content, decisions, predictions, and  
20 recommendations, that can influence physical or virtual  
21 environments.



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1        "Prior authorization" has the same meaning as defined in  
2 section 323D-2."

3        SECTION 4. New statutory material is underscored.

4        SECTION 5. This Act shall take effect upon its approval.

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INTRODUCED BY: *Dot*



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**Report Title:**

Patient Bill of Rights; Health Insurance; Utilization Review; Artificial Intelligence; Restrictions; Adverse Actions; Health Carriers; Licensed Health Care Providers

**Description:**

Establishes restrictions on the use of artificial intelligence, algorithms, or other software tools for purposes of decision-making in health insurance utilization reviews. Requires a licensed health care provider to review all adverse actions by the health carrier.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

