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Testimony in Opposition to LD 955 and 1301

An Act to Ensure Human Oversight in Medical Insurance Payment Decisions (955)

An Act to Prohibit the Use of Artificial Intelligence
in the Denial of Health Insurance Claims (1301)
April 8, 2025

Senator Bailey, Representative Mathieson, and Members of the Health Coverage, Insurance, and Financial Services Committee.

My name is Dan Demeritt, the Executive Director of the Maine Association of Health Plans. Insurance coverages offered or administered by our member plans provide access to care and better outcomes for many of the Mainers who receive coverage through an employer plan or the individual market. Our mission as an association is to improve health by promoting affordable, safe, and coordinated health care.

We oppose LD 955 and 1301 and have concerns that the proposals could have unintended consequences and perhaps even inadvertently negatively impact claims processing. The proposals do not reflect existing requirements around clinical judgement, creates administrative burdens and add costs in the healthcare system.

It is also not clear why limitations would be placed on approvals.

Transforming the Claims Process

Missing information, clerical errors, and lack of coverage drive many of the delays and claim denials that are a source of frustration for consumers and providers. Artificial intelligence is emerging as an important tool for improving efficiency and outcomes and the legislature should be careful not to limit beneficial uses of artificial intelligence. Examples include:

1. Analyze unstructured text in medical documents, provider notes, and patient histories.
2. Error detection and prevention (i.e., medical coding and missing information).
3. Validate extracted data against existing records and codes.
4. Verify coverage and specific coverage policies.
5. Provide real-time adjudication support.
6. Fraud detection and prevention.[1]

Governor Mills established the Maine Artificial Intelligence Task Force in December to consider how Maine industries and communities can harness AI and to consider policy implications that

[1] https://blog.nalashaahealth.com/ai-in-healthcare-claims-processing/, accessed 4/7/25

may require regulatory or legislative actions. The report is due in October of 2025.[2] Given this work is already underway, we would suggest that this bill is premature and at cross-purposes to work already being done.

Existing Clinical Judgment Requirements

Maine already requires that practitioner oversight or review of any health coverage decision resulting in the denial of a claim based on medical necessity. These regulations, which include extensive provisions related to notification, appeal rights, and the filing of appeals to the Bureau of Insurance, are included in Rule Chapter 850.

Specific Concerns in LD 955

Sec. 2. 24-A MRSA §4303, sub-§2-D: Existing law and health insurance rules require practitioner oversight when a carrier denies a claim. As proposed, this provision would require a clinical professional to be involved in ALL claim denials (e.g., coding errors, missing information).

Sec. 2. 24-A MRSA §4303, sub-§8: Limits use of AI for approvals and creates onerous and time-consuming review and reporting, including same-state-licensure requirements and an undefined review of the professional judgment of an enrollee's provider. Same state licensure requirements increase costs and complexities for payers without adding substantial value to other stakeholders. The language also implies that a state medical board could take punitive action against a medical director's same-state license in response to complaints from providers, patients, or other entities external to payers.

Sec. 2. 24-A MRSA §4303, sub-§10: This section is duplicative because denials are already reported to the Bureau and creates new administrative burdens by requiring carriers to report quarterly.

Specific Concerns in LD 1301

Sec. 1. 24-A MRSA §4304, sub-§8: Includes a "not supplant provider decision making" prohibition that could prevent the use of AI in utilization review. The subsection also requires that proprietary AI tools of private companies be open to inspection and an undefined accountability mechanism.

The section introduces the term "clinical peer" as a confounding descriptor of the practitioner that currently must review medical necessity if a claim is to be denied.

Thank you for your consideration. We urge the Committee to vote ought not to pass on both proposals.

[2] https://www.maine.gov/future/artificial-intelligence-task-force