2026-19

RESOLUTION

Subject: Mandatory Transparency and Data Disclosure in Algorithmic Claims Adjudication

Submitted by: Greater Louisville Medical Society

Referred to: Reference Committee

WHEREAS, Kentucky's House Bill 176 (2026) protects patients and physicians by granting "Gold-Carding" prior authorization exemptions to physicians who maintain a ninety-three percent (93%) clinical approval rate; and

WHEREAS, health plans increasingly use automated algorithms, artificial intelligence (AI), and algorithmically-assisted systems, including nominal "human-in-the-loop" sign-offs, to batch-deny claims and prior authorization requests; and

WHEREAS, these "black box" systems hide the logic behind their decisions, preventing treating physicians from verifying if a denial is based on peer-reviewed medicine or corporate cost-containment; and

WHEREAS, automated and algorithmically-driven denials artificially suppress a physician's approval rate, blocking them from the Gold-Carding protections established by HB 176; and

WHEREAS, the Kentucky Department of Insurance currently lacks the statutory authority to inspect the proprietary code, logic, and clinical guidelines used by these automated systems; and

WHEREAS, patient safety and the physician-patient relationship demand that any system used to deny medical care be fully transparent, auditable, and referenceable; now, therefore, be it

RESOLVED, that KMA advocates for legislation and rules mandating that any health plan using automated, AI-driven, or algorithmically-assisted review systems (including systems where software recommendations guide a human reviewer) provide full transparency by:

1. Registering all clinical criteria, underlying logic, and policies with the Kentucky Department of Insurance prior to deployment;

2. Providing the physician and patient with an immediate, plain-language explanation of the specific clinical reasons and data that triggered the denial, explicitly stating to the patient that this is an administrative decision by the health plan and does not reflect a lack of clinical merit or documentation by the physician; and

3. Disclosing the scientific source literature, data, and last modification date for the system's clinical pathways; and be it further

RESOLVED, that KMA advocates for laws declaring that any algorithmic denial failing to meet these transparency rules is legally void, resulting in immediate administrative approval and mandatory payment of the claim; and be it further

RESOLVED, that KMA advocates that any denial resulting from a non-compliant algorithmic review must be counted as a clinical approval in the ninety-three percent (93%) Gold-Carding calculation under HB 176, preventing insurers from using illegal tools to block physician exemptions.