

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 transparency in the use of artificial intelligence algorithms and other automated systems in healthcare coverage and claims decisions, including the clinical criteria and the rational used, and provide patient and treating physicians with a clear explanation of any denial; and be it further

RESOLVED, that KMA opposes adverse coverage, utilization-review, or payment decisions made solely through automated processes for medical necessity, including the use of automated algorithms to steer, restrict, or override a licensed physician's individualized medical judgement, and supports timely review by an appropriately qualified physician when such decisions affect patient care; 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 as a part of a prior authorization exemption program; and be it further

RESOLVED, that KMA seek legislative or regulatory requirements ensuring that any entity adjusting or downcoding a medical claim, maintain a verifiable audit trail proving that a Kentucky-licensed physician reviewed the relevant medical record and clinical documentation before the alteration of payment.