

# BILL ANALYSIS – SB 815

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## PURPOSE

Authored by Senator Charles Schwertner (R-Georgetown), SB 815 (2025) seeks to limit the use of artificial intelligence (AI) in utilization review processes within health benefit plans in Texas. The bill's primary goal is to prevent AI-based algorithms from being the sole determinant in decisions to deny, delay, or modify healthcare services based on medical necessity or appropriateness. The bill mandates that only physicians or licensed healthcare providers can make these determinations, ensuring that human judgment remains central to such decisions.

## BACKGROUND

SB 815 addresses the growing use of AI in healthcare, specifically in utilization reviews, where health insurers assess the necessity and appropriateness of medical services. AI adoption in this process aims to boost efficiency and cut costs, but it has raised concerns about transparency, algorithmic bias, and the potential to prioritize profits over patient wellbeing ([Kasyanau, 2024](#)). These types of technologies are already having an effect on patients in Texas. In September of 2024, Texas Attorney General Ken Paxton reached a settlement with a Dallas-based AI healthcare company, which alleged to have made false and misleading statements about the accuracy of its AI products ([Attorney General of Texas, 2024](#)). Research highlights AI's transformative potential in healthcare, including advancements in medical imaging, diagnostics, and personalized medicine that could improve patient outcomes ([Whiting & Dunmoyer, 2024](#)). However, research also warns of significant risks—such as data privacy breaches, cybersecurity threats, and ethical issues—thus emphasizing the need for responsible AI use with robust safeguards to ensure transparency, accountability, and patient rights ([Whiting & Dunmoyer, 2024](#)). This aligns with SB 815's objective to ensure AI use in health insurance utilization reviews retains human oversight.

## SECTION BY SECTION ANALYSIS

SB 815 amends [Chapter 420I, Insurance Code](#) by adding Section 420I.156, introducing the following key provisions:

- The bill prohibits a utilization review agent from using AI-based algorithms as the sole basis for denying, delaying, or modifying healthcare services based on medical necessity or appropriateness.
- The bill provides that only a physician or licensed healthcare provider may determine these outcomes, ensuring human expertise guides patient care decisions.

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- The commissioner of the Texas Department of Insurance may audit and inspect a utilization review agent's use of AI at any time.

## EFFECTIVE DATE

If enacted, SB 815 will take effect on September 1, 2025.

## REFERENCES

Attorney General of Texas. (2024, September 18). *Attorney General Ken Paxton reaches settlement in first-of-its-kind healthcare generative AI investigation* [Press release]. <https://www.texasattorneygeneral.gov/news/releases/attorney-general-ken-paxton-reaches-settlement-first-its-kind-healthcare-generative-ai-investigation>

Kasyanau, A. (2024, July 16). *Implementing AI in healthcare requires overcoming these five challenges*. Forbes. <https://www.forbes.com/councils/forbestechcouncil/2024/07/16/implementing-ai-in-healthcare-requires-overcoming-these-five-challenges/>

SB 815. Introduced. 89th Texas Legislature. Regular. (2025). <https://capitol.texas.gov/tlodocs/89R/billtext/pdf/SB00815l.pdf#navpanes=0>

Whiting, Z., & Dunmoyer, D. (2024). *Promise and peril: How Texas can lead on responsible artificial intelligence policy*. Texas Public Policy Foundation. [https://www.texaspolicy.com/wp-content/uploads/2024/11/2024-11-BTT-Responsible-AI-Policy-WhitingDunmoyer\\_FINAL.pdf](https://www.texaspolicy.com/wp-content/uploads/2024/11/2024-11-BTT-Responsible-AI-Policy-WhitingDunmoyer_FINAL.pdf)

