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The Honorable Mia Bonta, Chair

California State Assembly Committee on Health
Capitol Office, 1020 N Street, Suite 390 Sacramento, CA 95814

Position Letter: AB 682 (Ortega) - Support if Amended

Dear Chairwoman Bonta and Members of the California State Assembly Committee on Health,

Students for Patient Advocacy Nationwide (SPAN) appreciates the intent of AB 682, which aims to increase transparency and accountability in health care coverage by requiring insurers to report detailed data on claims, denials, appeals, and the use of artificial intelligence (AI) for public disclosure. We recognize the importance of legislation that confronts the opacity of insurance decision-making, particularly in California. According to a 2024 report from the California Nurses Association, approximately **26 percent of insurance claims are denied**. Yet, according to the Kaiser Family Foundation, **fewer than 1% of these denials are ever successfully appealed**. While we commend the efforts behind AB 682, we respectfully request a specific amendment that would strengthen the bill's impact and ensure it fully serves the communities it intends to protect.

We are particularly concerned about the vagueness of the phrase **“Reviewed with AI”** in Section (d)(1)(R), which asks insurers to report the number of claims “processed, adjudicated, or reviewed with artificial intelligence or other predictive algorithms.” The bill does not clarify what constitutes “AI use” in this context. Is a rules-based auto-adjudication algorithm considered AI? What about a machine learning model that only flags high-risk cases for human review? Without operational clarity, insurers will be left to define “AI use” on their own terms, **leading to inconsistent reporting and ultimately undermining the bill's goal of ensuring accountability and transparency**.

According to a recent NAIC AI/ML survey of 93 health insurance companies, **84% of insurers report using artificial intelligence and machine learning in some capacity**, including for utilization management, prior authorization, fraud detection, and claims processing. This widespread adoption of AI technologies makes it all the more critical that AB 682 includes a precise, enforceable definition of what constitutes “AI use.” Without clear guardrails, the bill risks allowing significant automation in the claims process to go unreported and unregulated.

To address these concerns, we propose the following amendment:

Amendment Proposal:

We propose amending Section (d)(1)(R) to define “artificial intelligence or other predictive algorithms” in terms of specific functions and thresholds. For example, “AI use” may include any system that:

- (a) makes an initial determination on claim outcome;**
- (b) scores or prioritizes claims based on modeled criteria; or**
- (c) influences final adjudication without human intervention.**
- (d) rules-based auto-adjudication is not considered AI unless it incorporates adaptive or predictive learning components.**

The bill should also clarify that rules-based auto-adjudication is not considered AI unless it incorporates adaptive or predictive learning components.

We believe these changes will help ensure more consistent insurer reporting, facilitate meaningful oversight, and close a loophole that could otherwise allow AI systems to avoid public accountability. SPAN respectfully urges the committee to consider this change before moving the bill forward. We are happy to provide additional input or support as needed.

Sincerely,



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Joel Blessan
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