



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0556.01: Generally revise usage of artificial intelligence in certain health insurance

Primary Sponsor: Jill Cohenour Status: As Introduced

- ☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☐ Significant Local Gov Impact
- ☐ Significant Long-Term Impacts ☐ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$0	\$0	\$0	\$0
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact

HB 556 regulates the use of artificial intelligence (AI) by health insurance issuers, specifically concerning utilization review and utilization management. There is no fiscal impact to the state from this proposed legislation.

FISCAL ANALYSIS

Assumptions

Department of Administration

1. This bill relates to the Department of Administration's third-party administrators using artificial intelligence (AI) to complete utilization review or utilization management functions, which will be an alternative to human decision making. Expenses to comply with the requirements of this bill will fall on the third-party administrators and will not directly impact the State of Montana Benefit Plan.
2. Depending on the cost to comply, third-party administrators may pass on the cost of compliance via administrative fees, but the state does not have the ability to estimate this cost at this time.

Department of Public Health and Human Services

3. HB 556, which pertains to the regulation of artificial intelligence (AI) in health insurance, is not anticipated to have a direct fiscal impact on the Department of Public Health and Human Services (DPHHS), as the bill's provisions do not extend to the Medicaid program.

State Auditor's Office

4. HB 556 revises laws related to the use of artificial intelligence, an algorithm, or other software tools for the purpose of utilization review or utilization management.
5. The revisions could cause an increase in enforcement on the part of the State Auditor's Office (SAO). However, the SAO will absorb the additional enforcement activities with existing staff.

Commissioner of Higher Education

6. There is no fiscal impact to the Montana University System (MUS) since this proposed legislation relates to the MUS plan's third-party administrator using AI to complete utilization reviews or utilization management functions


Sponsor's Initials Date


Budget Director's Initials Date