

House Study Bill 766 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON MOHR)

A BILL FOR

1 An Act relating to the licensure of artificial intelligence
2 augmented and autonomous service providers, and including
3 penalties.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 10A.504, subsection 1, Code 2026, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. e. The board of autonomous medical practice.

4 Sec. 2. Section 147.13, Code 2026, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 21. For artificial intelligence augmented
7 and autonomous service providers, the board of autonomous medical
8 practice. Notwithstanding section 4A.5, the board of autonomous
9 medical practice is not subject to dissolution.

10 Sec. 3. Section 147.14, subsection 1, Code 2026, is amended
11 by adding the following new paragraph:

12 NEW PARAGRAPH. t. For autonomous medical practice, one
13 member licensed to practice medicine and surgery or osteopathic
14 medicine and surgery, one member licensed to practice pharmacy,
15 one member who is a registered nurse or advanced practice
16 registered nurse, one member licensed to practice psychology,
17 one member who is a representative of a hospital association
18 or the chief executive officer of a hospital in this state,
19 one member who is a health care ethicist with an advanced
20 degree or significant professional experience in medical ethics
21 or bioethics, four at-large members who have demonstrated
22 expertise in health technology, artificial intelligence, systems
23 engineering, health care administration, patient safety, or
24 health care regulatory affairs, and one member who is not a
25 medical professional and represents the general public.

26 Sec. 4. NEW SECTION. **153A.1 Definitions.**

27 For purposes of this chapter unless the context otherwise
28 requires:

29 1. "Adverse event" means a patient death, serious physical or
30 psychological harm, or serious risk of harm reasonably associated
31 with a clinical AI service, including inappropriate triage or
32 failure to escalate care.

33 2. "Advisory AI" means an artificial intelligence that
34 analyzes patient-specific data to generate options, potential
35 diagnoses, risk stratification, or therapeutic suggestions to a

1 licensed health care provider or directly to a user, where such
2 output is intended to inform but not substitute for independent
3 clinical judgment, and where the provider or user is expected to
4 review, contextualize, and determine whether and how to act upon
5 the suggestion for each patient encounter.

6 3. "*Artificial intelligence augmented and autonomous service*
7 *provider*" or "AAASP" means a corporate or legal entity licensed
8 pursuant to this chapter to operate clinical AI services that are
9 subject to licensure pursuant to this chapter.

10 4. "*Board*" means the board of autonomous medical practice
11 created under chapter 147.

12 5. "*Chronic condition*" means a human disease, disorder,
13 injury, or impairment that is persistent, recurrent, or
14 reasonably expected to require ongoing or periodic clinical
15 management, monitoring, or care to maintain function, prevent
16 progression, mitigate symptoms, or reduce the risk of
17 complications. A chronic condition is primarily managed through
18 longitudinal care rather than isolated emergency intervention
19 and may experience episodic exacerbations requiring temporary
20 escalation of care.

21 6. "*Clinical AI service*" means any software system,
22 algorithmic model, or automated service that, whether
23 independently or in combination with human involvement, performs,
24 supports, or materially influences functions that constitute the
25 practice of medicine or other licensed clinical practice with
26 respect to a specific patient, to the extent otherwise permitted
27 under applicable law. "*Clinical AI service*" includes advisory
28 AI, fully autonomous AI, informational AI, and supervised
29 autonomous AI.

30 7. "*Critical condition*" means a disease, illness, injury,
31 or physiologic state in which one or more vital organ systems
32 is impaired, failing, or at substantial risk of failure, or
33 in which the condition presents a high probability of death,
34 permanent disability, or serious irreversible harm without prompt
35 and advanced clinical intervention. A critical condition

1 is characterized by physiologic instability, high acuity, or
2 the need for continuous monitoring, specialized resources, or
3 intensive medical management to prevent catastrophic outcomes.

4 8. "*Designated responsible official*" means a natural person
5 designated by an AAASP who is authorized to bind the AAASP for
6 compliance and administrative matters under this chapter, receive
7 legal process and board notices, and certify filings and reports
8 required by the board. A designated responsible official is not,
9 solely by designation, deemed to be practicing a licensed health
10 care profession.

11 9. "*Fully autonomous AI*" means an artificial intelligence
12 authorized to independently diagnose, treat, triage, or prescribe
13 without the necessity of human supervision or intervention for
14 each distinct case.

15 10. "*Informational AI*" means an artificial intelligence
16 that provides aggregated data, literature, or administrative
17 information to a user but does not suggest a specific clinical
18 action.

19 11. "*Materially influence*" means having a reasonable
20 likelihood of being relied upon to make, modify, or forego a
21 patient-specific clinical decision or action.

22 12. "*Medical director*" means a licensed physician and surgeon
23 or osteopathic physician and surgeon who is designated by an
24 AAASP to provide clinical oversight of the AAASP's clinical
25 scope, safety protocols, escalation pathways, and quality
26 assurance processes, as required by this chapter or board rule.

27 13. "*Noncritical condition*" means a condition, illness,
28 or injury, whether acute, subacute, stable chronic, or
29 self-limiting, for which, based on reasonable clinical judgment
30 and available clinical information, a delay in definitive
31 diagnosis, initiation of treatment, or escalation of care would
32 not reasonably be expected to result in serious adverse health
33 consequences, permanent disability, or death. A noncritical
34 condition does not present objective signs of physiologic
35 instability, rapidly progressive deterioration, or the need for

1 immediate emergency or life-preserving intervention.

2 14. "Preventive" means a measure, service, or intervention
3 intended to reduce the likelihood of disease onset, progression,
4 recurrence, or complications, including wellness, fitness,
5 primary, and risk-based preventive care, whether applied to a
6 healthy individual or individual with identified risk factors or
7 existing conditions, where the primary purpose is risk reduction
8 or health maintenance rather than treatment of an active acute
9 pathology, and where the intervention is generally low-risk and
10 consistent with accepted standards of care.

11 15. "Reportable event" means an adverse event, a material
12 near miss, a material malfunction affecting clinical output, or
13 a material data integrity failure affecting a patient-specific
14 clinical decision.

15 16. "Sandbox reciprocity state" means a jurisdiction
16 recognized by the board as having a substantially similar
17 regulatory testing environment for health technology.

18 17. "Supervised autonomous AI" means an artificial
19 intelligence authorized to generate and execute a clinical
20 action, diagnosis, or treatment plan under the supervision of a
21 licensed human provider who retains the ability to intervene.

22 18. "Time-sensitive condition" means a medical condition
23 or acute clinical presentation for which the effectiveness of
24 diagnosis, treatment, or intervention is materially dependent on
25 timely initiation, and for which a delay in care is reasonably
26 expected to result in rapid clinical deterioration, irreversible
27 morbidity, or death. A time-sensitive condition requires
28 accelerated recognition, triage, and escalation of care based on
29 reasonable clinical judgment and available clinical information.

30 **Sec. 5. NEW SECTION. 153A.2 Board — executive director.**

31 1. An executive director of the board shall be appointed
32 pursuant to section 10A.504. The governor, with the approval of
33 the executive council pursuant to section 8A.413, subsection 3,
34 under the pay plan for exempt positions in the executive branch
35 of government, shall set the salary of the executive director.

1 2. The executive director may employ such other staff as
2 necessary to carry out the duties of the board.

3 3. Except as otherwise provided in this chapter or rules
4 of the board, the executive director is authorized to take
5 all actions reasonably necessary to carry out and enforce the
6 laws and rules administered by the board, including all of the
7 following:

8 a. Employ, supervise, evaluate, and discipline agency staff.

9 b. Enter into contracts, procure goods and services, and make
10 expenditures within appropriated or authorized budgets.

11 c. Establish internal organizational structure, operational
12 procedures, and administrative systems.

13 d. Receive, process, investigate, and resolve applications,
14 registrations, filings, complaints, audits, and compliance
15 matters.

16 e. Conduct investigations, issue requests for information,
17 and require the production of records as authorized by law.

18 f. Administer examinations, reviews, assessments,
19 certifications, or registrations authorized by law or rule.

20 g. Take any other administrative or operational actions
21 necessary to efficiently carry out the purposes of this chapter.

22 Sec. 6. NEW SECTION. **153A.3 Fees.**

23 The board shall adopt rules pursuant to chapter 17A to set
24 fees for applications, provisional licenses, license renewals,
25 and other administrative services. The fees shall be set at
26 a level sufficient to offset the costs of administering this
27 chapter.

28 Sec. 7. NEW SECTION. **153A.4 Board — duties — rules.**

29 1. The board shall do all of the following:

30 a. Grant, suspend, revoke, and monitor AAASP licenses of all
31 classes and types.

32 b. Establish and operate or contract for a state centralized
33 institutional review board.

34 c. Authorize and develop frameworks for delegated agreements,
35 collaborative practice agreements, and supervision agreements.

1 d. Conduct or contract for algorithmic safety and bias
2 audits.

3 e. Issue a state provider identifier for billing.

4 2. The board may adopt rules pursuant to chapter 17A to do
5 all of the following:

6 a. Establish licensure standards, application procedures,
7 renewal requirements, recordkeeping, reporting, inspections,
8 audits, and compliance oversight.

9 b. Establish minimum standards of professional conduct,
10 operational compliance, and public protection applicable to
11 licensees.

12 c. Establish forms and administrative processes necessary to
13 carry out the duties of the board.

14 3. No rule that materially restricts AAASP scope of practice
15 or imposes a material barrier to market entry shall be adopted
16 without all of the following:

17 a. The affirmative vote of at least two-thirds of the voting
18 members of the board.

19 b. Written findings that a restriction created by rule is
20 supported by substantial evidence of a patient-safety risk and is
21 the least restrictive means to address that risk.

22 Sec. 8. NEW SECTION. **153A.5 Meetings of the board.**

23 1. The board shall meet at least quarterly and at such
24 additional times as may be necessary to carry out the duties of
25 the board.

26 2. A meeting of the board may be called by the chair, the
27 executive director, or upon written request of a majority of the
28 board members.

29 3. The board shall annually elect from among its members a
30 chair and vice chair, who shall serve one-year terms and may be
31 reelected.

32 4. A majority of the voting members of the board shall
33 constitute a quorum for the transaction of business. An
34 affirmative vote of a majority of the members present at a
35 meeting at which a quorum is present shall be required for

1 official action of the board, unless otherwise provided by law.

2 5. All meetings of the board shall be open to the public and
3 conducted in compliance with chapters 21 and 22. The board may
4 enter executive session only as authorized by law.

5 Sec. 9. NEW SECTION. **153A.6 Licensee discipline and**
6 **investigations.**

7 1. The board may receive complaints, conduct investigations,
8 require the production of records reasonably related to
9 compliance with this chapter, and conduct audits and inspections
10 as authorized by law and rule.

11 2. The board may issue administrative subpoenas for testimony
12 and documents in furtherance of an investigation or contested
13 case.

14 3. The board may impose discipline, including reprimand,
15 probation, restricted licensure, suspension, revocation, and
16 administrative fines.

17 4. A licensee may contest discipline issued pursuant to this
18 chapter by initiating a contested case proceeding pursuant to
19 chapter 17A.

20 Sec. 10. NEW SECTION. **153A.7 Licensure — classes —**
21 **exemptions.**

22 1. An AAASP license is required for a person operating any of
23 the following:

24 a. An advisory AI that is applied to a condition that is both
25 critical and time sensitive and that is intended, represented, or
26 reasonably relied upon to guide clinical action in a manner that
27 substitutes for, rather than merely informs, independent clinical
28 judgment.

29 b. A supervised autonomous AI that is applied to a condition
30 that is both chronic and noncritical or that is both critical and
31 time sensitive, or that is applied to a preventive condition when
32 the service includes patient-specific clinical orders, including
33 but not limited to medication orders, laboratory orders, or
34 device orders as part of a licensed professional health care
35 service rendered within this state.

1 c. A fully autonomous AI.

2 2. a. An AAASP license is not required for a person
3 operating any of the following:

4 (1) An informational AI, regardless of the clinical
5 condition.

6 (2) An advisory AI that is applied to a condition that is
7 preventive or that is both chronic and noncritical.

8 (3) An advisory AI that does not independently initiate,
9 execute, modify, or discontinue a clinical action, order,
10 diagnosis, or treatment, and that is not intended, represented,
11 or reasonably relied upon as a substitute for independent
12 professional clinical judgment in the management of a critical or
13 time-sensitive condition.

14 (4) A supervised autonomous AI that is applied to preventive
15 conditions and which is not issuing patient-specific clinical
16 orders as part of a licensed professional health care service
17 rendered within this state, including but not limited to
18 medication orders, laboratory orders, or device orders.

19 b. A person who operates a system listed in paragraph "a" may
20 be issued a voluntary license by the board for the purposes of
21 reimbursement or entering into clinical practice agreements.

22 3. a. The board shall issue the following AAASP licenses,
23 each of which shall also include an autonomy modifier as provided
24 in paragraph "b":

25 (1) For clinical AI services delivered as a patient-specific
26 professional service and regulated by the state pursuant to
27 the state's authority over the practice of medicine or other
28 licensed clinical practice, including but not limited to
29 services operating in a manner analogous to laboratory-developed
30 tests or other proprietary algorithmic diagnostic, triaging, or
31 therapeutic services, that do not rely on clearance or approval
32 from the federal food and drug administration as the basis for
33 their lawful clinical use, a class A license.

34 (2) For clinical AI services that have achieved clearance,
35 authorization, or approval as software as a medical device

1 from the federal food and drug administration, and for which
2 the federal authorization serves as the primary basis for the
3 system's lawful clinical use, a class B license.

4 (3) For clinical AI services providing nondiagnostic therapy,
5 coaching, or monitoring, and which do not independently establish
6 a diagnosis but instead operate on the basis of an existing
7 diagnosis, referral, or patient-identified condition, a class C
8 license.

9 b. Each AAASP license shall include one of the following
10 autonomy modifiers:

11 (1) For a system otherwise exempt from licensure but for
12 which a person has voluntarily elected to obtain licensure,
13 modifier L0.

14 (2) For an advisory AI addressing critical or time-sensitive
15 conditions, modifier L1.

16 (3) For a supervised autonomous AI requiring human oversight
17 or collaborative practice agreements, modifier L2.

18 (4) For a fully autonomous AI authorized for independent
19 operation, modifier L3.

20 c. A licensee may petition the board to increase the
21 licensee's autonomy modifier if the licensee submits safety data
22 demonstrating performance equivalent to or exceeding performance
23 benchmarks for a human, to the extent such escalation is not
24 inconsistent with federal law.

25 4. a. The board shall review an application for a license
26 under this section for completeness within thirty calendar days
27 of receipt. If the board determines that the application is
28 incomplete, the board shall inform the applicant in writing
29 of information required to complete the application, and the
30 applicant must submit the required information within ten
31 calendar days of receipt of the written request.

32 b. If the board does not notify an applicant that an
33 application is incomplete within thirty calendar days of receipt,
34 the application shall be deemed complete and the board shall not
35 deny the application based solely on information that the board

1 failed to request pursuant to paragraph "a".

2 5. a. Except as provided in paragraph "b", the board shall
3 grant or deny a license within ninety calendar days after receipt
4 of a complete application.

5 b. If the board ethicist determines that an applicant's
6 proposed data collection constitutes human subjects research
7 requiring full review by the state centralized institutional
8 review board or an external institutional review board pursuant
9 to section 159.13, subsection 2, the board may extend the review
10 period by an additional thirty calendar days. The board must
11 notify the applicant of the extension in writing prior to the
12 expiration of the initial ninety-day review period. The board
13 shall not extend a review period beyond one hundred twenty
14 calendar days in total.

15 c. If the board fails to issue a final decision on an
16 application within the time period specified in paragraph
17 "a" or "b", a provisional license shall be issued to the
18 applicant upon submission by the applicant of a sworn attestation
19 under penalty of perjury that the applicant has satisfied all
20 minimum insurance, bonding, safety, reporting, and compliance
21 requirements for provisional licensure under this chapter. A
22 provisional license issued pursuant to this paragraph is valid
23 for ninety calendar days from the date of issue, or until the
24 board issues a final decision on the application, whichever
25 occurs first.

26 Sec. 11. NEW SECTION. **153A.8 Licensure by reciprocity.**

27 1. A licensee in good standing in a sandbox reciprocity state
28 shall be eligible for licensure by reciprocity upon submission of
29 a completed application.

30 2. An applicant holding a valid clearance from the federal
31 food and drug administration for the specific use case applied
32 for shall be automatically eligible for a class B license. The
33 board may impose additional conditions of licensure under this
34 chapter, including transparency, reporting, auditing, pilot-zone,
35 and sandbox requirements, to the extent not inconsistent with

1 federal law, provided that the additional conditions align with
2 benchmarks, post-market monitoring plans, and related guidelines
3 already applicable to that applicant to the maximum extent
4 practicable.

5 3. a. The board shall grant an AAASP license to an applicant
6 who holds a current, unrestricted authorization to provide
7 substantially similar clinical AI services in another state
8 unless the board determines that any of the following apply:

9 (1) The originating state's regulatory framework is
10 materially less protective of patient safety than this state.

11 (2) The applicant is not in good standing or is subject to
12 pending disciplinary action.

13 (3) The scope of practice or autonomy level requested in this
14 state exceeds that authorized in the originating state.

15 b. The board shall not require an applicant for licensure
16 pursuant to this subsection to provide proof of satisfaction of
17 initial licensure requirements, except as necessary to verify
18 good standing, scope equivalence, and compliance with reporting
19 and transparency obligations under this chapter.

20 c. The board may require that an applicant for licensure
21 under this subsection submit documentation necessary to assess
22 substantial similarity of the originating state's regulatory
23 framework and may impose reasonable conditions or limitations to
24 ensure patient safety and compliance with this chapter.

25 Sec. 12. NEW SECTION. **153A.9 Clinical orders —**
26 **prescriptions.**

27 1. An AAASP with an autonomy modifier of L2 or L3 may
28 issue patient-specific clinical orders as part of a licensed
29 professional service rendered within this state, including
30 but not limited to medication orders, laboratory orders, or
31 device orders, provided that such authority does not authorize
32 interstate marketing, distribution, or commercial sale of a
33 medical device in violation of federal law.

34 2. An AAASP with an autonomy modifier of L2 or L3 may issue
35 medication orders for prescription drugs, other than controlled

1 substances, within the AAASP's approved scope. Dispensing and
2 drug administration shall occur only through persons or entities
3 licensed to dispense or administer medications.

4 Sec. 13. NEW SECTION. **153A.10 Disclosure requirements.**

5 1. a. Prior to or at the beginning of service, an AAASP
6 operating under modifier L2 shall make the following disclosure
7 to the patient:

8 "An artificial intelligence system was used to generate and
9 execute a clinical action, diagnosis, or treatment plan under the
10 supervision of a licensed human provider who retains the ability
11 to intervene. You have the right to request a human review of
12 the decision, which may incur additional costs or time."

13 b. Paragraph "a" does not apply to an advisory AI tool that
14 provides recommendations, risk scores, alerts, or guidance to a
15 licensed human health care provider who independently determines
16 whether and how to act.

17 2. a. Prior to delivering services, an AAASP operating under
18 modifier L3 shall obtain affirmative patient acknowledgment that:

19 "You are receiving care from an autonomous AI provider
20 licensed by the state. This provider is an artificial
21 intelligence system and does not include routine human clinical
22 oversight. You may seek additional or alternative care from a
23 licensed human health care provider of your choice at any time."

24 b. In addition to the disclosure required pursuant to
25 paragraph "a", an AAASP with a provisional license operating
26 under modifier L3 shall make the following disclosure to the
27 patient:

28 "This provider is operating under a provisional state
29 license as part of a regulatory sandbox evaluating safety and
30 effectiveness. By consenting to this service, you acknowledge
31 that liability for noneconomic damages may be limited under state
32 law as provided in Iowa Code chapter 153A."

33 Sec. 14. NEW SECTION. **153A.11 Artificial intelligence**
34 **augmented and autonomous service provider — duties —**
35 **restrictions.**

1 1. a. An AAASP operating under modifier L2 or L3 is bound
2 by a professional duty of loyalty to each patient and must act
3 solely in the best clinical interest of the patient.

4 b. An AAASP's professional duty of loyalty to a patient
5 requires the AAASP to prioritize the patient's overall welfare,
6 which includes the optimization of clinical outcomes, financial
7 efficiency, care coordination, and patient convenience. An AAASP
8 violates this duty if the AAASP's clinical logic is configured
9 to prioritize the financial interests of the AAASP or the
10 AAASP's affiliates over a substantially similar and clinically
11 appropriate alternative that offers superior value, coordination,
12 or efficiency to the patient.

13 c. If the algorithm of a clinical AI service results in
14 a recommendation for an entity affiliated with the AAASP, the
15 AAASP satisfies the AAASP's duty of loyalty, even if a human
16 health care provider might have reasonably chosen an alternative
17 context, if the AAASP does all of the following:

18 (1) Discloses the financial affiliation in a clear and
19 conspicuous manner at the point of recommendation.

20 (2) Presents the patient with a choice of at least two
21 nonaffiliated alternatives of similar clinical quality, presented
22 with equal visual prominence in the interface, where reasonably
23 available.

24 2. The interface through which a clinical AI service
25 interacts with a patient is a clinical space and shall
26 not display, verbally articulate, or otherwise present paid
27 commercial content, advertisements, sponsored results, or
28 third-party marketing messages within the context of a clinical
29 encounter, diagnosis, or treatment plan. An AAASP shall not use
30 conversational prompts or nudges designed to persuade a patient
31 to request a specific medication or optional commercial service
32 for the sole purpose of financial gain.

33 3. An AAASP shall not utilize weights, biases, or prompt
34 engineering to prefer an affiliated pharmacy, specialist, or
35 manufacturer unless such preference is based on an objectively

1 verifiable clinical, economic, or coordination advantages for
2 the patient, including but not limited to lower out-of-pocket
3 cost, faster time-to-treatment, superior validated outcomes, or
4 enhanced convenience through vertical integration.

5 4. a. Each AAASP shall maintain an immutable clinical logic
6 snapshot for every version of the AAASP's algorithm deployed
7 in production, including the underlying weights, decision-logic,
8 and prompt-engineering instructions. An AAASP shall retain the
9 snapshots for a period of two years after the date of initial
10 deployment to allow for the investigation of the logic used in a
11 specific patient encounter during an audit by the board.

12 b. Upon receipt of formal notice of an investigation, an
13 AAASP shall not alter or delete any snapshot related to the
14 period of investigation.

15 5. a. The board may perform a statistical audit of an
16 AAASP's referral and prescription patterns. A finding that an
17 AAASP recommends an affiliate at a rate significantly higher than
18 the regional average, or other appropriate clinical or economic
19 benchmarks as determined by the board, shall create a rebuttable
20 presumption of unlawful steering.

21 b. An AAASP may rebut a presumption of unlawful steering
22 by demonstrating through clinical logic snapshots that the
23 preference was driven by objective data, such as evidence that
24 the affiliate provided superior care coordination, convenience,
25 or the lowest-cost option for the patient.

26 6. An AAASP shall comply with the requirements of the federal
27 Health Insurance Portability and Accountability Act of 1996,
28 Pub. L. No. 104-191, to the extent that the AAASP functions as a
29 covered entity or business associate.

30 Sec. 15. NEW SECTION. **153A.12 Licensure — term —**
31 **restrictions.**

32 1. a. An initial license as an AAASP shall be a provisional
33 license and shall be valid for a period of up to two years from
34 the date of issue.

35 b. After two years of licensure, the board shall convert a

1 provisional AAASP license to a full AAASP license upon a finding
2 that safety benchmarks, as established by the board by rule,
3 have been met, unless the board and licensee agree to temporarily
4 extend the provisional period to collect further data.

5 c. A provisional licensee may submit an application, on a
6 form determined by the board, for the expedited conversion of a
7 provisional license to a full license. The board may approve
8 the expedited conversion of a provisional license to a full
9 license upon a finding that the provisional licensee has clearly
10 demonstrated that the provisional licensee meets or exceeds
11 safety and performance benchmarks.

12 2. a. The board may impose restrictions on the scope of
13 operations of a provisional AAASP licensee to facilitate phased
14 deployment, data collection, and validation of safety and
15 effectiveness. Upon conversion of a provisional AAASP license to
16 a full AAASP license, the board may maintain, modify, or remove
17 restrictions to reflect the scope within which the AAASP has
18 demonstrated sustained safety, effectiveness, and compliance.

19 b. The board may impose any of the following restrictions on
20 a licensee's provisional or full license:

21 (1) Geographic limitations, including restriction to
22 federally designated health professional shortage areas or
23 specific medically underserved counties.

24 (2) Patient volume caps.

25 (3) Scope limitations, including restriction of a clinical
26 AI service to specified disease states, conditions, or clinical
27 functions.

28 (4) Phased supervised deployment, including requirements for
29 physician review or confirmation of a defined number of patient
30 interactions, diagnoses, or treatment recommendations prior to
31 modification or removal of human supervision requirements.

32 (5) Any other restrictions as determined by the board by
33 rule.

34 3. Notwithstanding any restrictions imposed on a licensee
35 pursuant to subsection 2, a licensee may provide services to

1 a patient in this state if the patient gives informed consent
2 and meets any of the following criteria, as demonstrated by
3 a referral or attestation from a physician and surgeon or
4 osteopathic physician and surgeon:

5 a. The patient resides in a federally designated health
6 professional shortage area.

7 b. The patient has been diagnosed with a severe and
8 life-threatening condition or multiple chronic conditions.

9 c. The patient has a condition from which death is likely to
10 occur within six months.

11 d. The patient has a condition or disability that causes
12 irreversible morbidity or likely substantial reduction in daily
13 function.

14 e. The patient has been determined to be at high risk for
15 a specific condition, disease, or diagnosis that the AAASP is
16 designed to detect, diagnose, or treat.

17 f. The patient is unable to obtain clinically appropriate
18 access to a human clinician within a time frame reasonably
19 related to the patient's condition category.

20 Sec. 16. NEW SECTION. **153A.13 Application requirements.**

21 1. An applicant for licensure as an AAASP shall include all
22 of the following with the application:

23 a. Proof of professional liability insurance coverage that is
24 equivalent to that required for a human specialist in the same
25 field. The insurance coverage must include tail coverage for the
26 time period specified in section 614.1, subsection 9, plus one
27 year.

28 b. A full set of fingerprints, in a form and manner
29 prescribed by the board, from all of the following people, which
30 shall be submitted to the federal bureau of investigation through
31 the state criminal history repository for a national criminal
32 history check:

33 (1) All natural persons with direct or indirect ownership of
34 ten percent or more of the AAASP.

35 (2) The designated responsible official.

1 (3) The medical director.

2 (4) Any natural person who provides unsupervised direct
3 patient care or who is authorized to independently initiate,
4 modify, or execute a patient-specific clinical actions on behalf
5 of the AAASP.

6 (5) Other categories of personnel based on demonstrated risk
7 to patient safety, data security, or program integrity, as
8 determined by the board by rule.

9 c. The name and contact information of the person who is the
10 designated responsible official of the AAASP.

11 d. For an applicant for a license under modifier L2 or
12 L3, the name and contact information of the designated medical
13 director who shall be responsible for oversight of clinical
14 scope, safety protocols, escalation procedures, and quality
15 assurance related to patient care. The medical director may be
16 the same person as the designated responsible official.

17 e. A surety bond, payable to the state, to cover claims or
18 operational failures not covered by insurance. The bond shall be
19 in an amount determined by the board by rule, but not less than
20 fifty thousand dollars.

21 2. a. In addition to the requirements of subsection 1,
22 an applicant shall submit a determination declaring whether
23 the applicant's proposed activities constitute human subjects
24 research as provided in 45 C.F.R. pt. 46. The board ethicist
25 shall review the determination.

26 b. If the board ethicist determines that the applicant's
27 proposed activities constitute human subjects research, or the
28 applicant opts to treat the activities as human subjects
29 research, the applicant must obtain approval from the state
30 centralized institutional review board or an independent
31 institutional review board approved by the board by rule prior to
32 obtaining a license. The state centralized institutional review
33 board shall complete its review and issue a determination within
34 thirty calendar days after receipt of a completed application.

35 c. This subsection does not alter or waive any obligation

1 under 45 C.F.R. pt. 46, or applicable human-subject regulations
2 of the federal food and drug administration, when such
3 obligation applies by virtue of federal funding, federal program
4 participation, or other federal jurisdiction.

5 Sec. 17. NEW SECTION. **153A.14 Continuity plan.**

6 1. Each AAASP must submit and maintain as a condition of
7 licensure a continuity plan, subject to approval by the board,
8 that details procedures for the AAASP's insolvency, license
9 revocation, or market exit. The continuity plan must designate
10 a person to whom the AAASP will transfer all patient data,
11 consistent with the federal Health Insurance Portability and
12 Accountability Act of 1996, Pub. L. No. 104-191, in the event
13 that the AAASP ceases to operate.

14 2. Each AAASP must maintain an escrow account or bond
15 sufficient to cover the technical costs of data migration to
16 the person designated in the AAASP's continuity plan. The board
17 may seize a bond under this subsection to execute the AAASP's
18 continuity plan if the AAASP fails to voluntarily execute the
19 continuity plan.

20 Sec. 18. NEW SECTION. **153A.15 Safety and performance**
21 **benchmarking — reporting.**

22 1. The board shall adopt by rule pursuant to chapter 17A
23 objective safety and performance benchmarks that an AAASP must
24 meet or exceed to qualify for an initial license under modifier
25 L3 or to convert any provisional license to a full license.

26 2. a. Benchmarks adopted by the board shall be designed to
27 ensure that the AAASP demonstrates clinical competency, accuracy,
28 and safety outcomes that meet or exceed the performance of a
29 reasonably prudent human health care provider practicing in the
30 same or similar specialty.

31 b. Benchmarks adopted by the board may include clinically
32 validated testing, subgroup performance evaluation, calibration,
33 false positive and false negative rates appropriate to the
34 intended use, and real-world outcome measures. The board may
35 recognize external evaluation frameworks by guidance.

1 c. To the maximum extent practicable, the board shall align
2 the benchmarks adopted by the board with federal benchmarks
3 established for class B AAASP licensees and with benchmarks
4 in other states with a similar regulatory framework for AAASP
5 licensure.

6 3. As a condition of license renewal, an AAASP shall submit
7 an annual performance report demonstrating that the clinical AI
8 service used by the AAASP continues to meet the safety benchmarks
9 in effect at the time of the AAASP's immediately preceding
10 licensure. The board may suspend an AAASP's license if data
11 indicates a degradation in the AAASP's safety outcomes. A
12 licensee shall report adverse and reportable events as part of
13 the annual performance report.

14 Sec. 19. NEW SECTION. **153A.16 Scope of practice — waivers**
15 **— standard of care.**

16 1. A clinical AI service or act is within the authorized
17 scope of practice of a licensed AAASP if all of the following
18 apply:

19 a. The AI clinical service or act is consistent with and not
20 expressly prohibited by this chapter or the limitations of the
21 specific license class and modifier held by the AAASP.

22 b. The AI clinical service or act is consistent with
23 the clinical AI service's validated technical specifications,
24 training data, intended use case, and performance parameters as
25 submitted to the board.

26 c. The performance of the AI clinical service or act is
27 within the accepted standard of care for the specific clinical
28 task that would be provided in the same or similar clinical
29 setting by a reasonable and prudent human health care provider
30 with the same or similar specialty specialization.

31 2. Any prohibition on the corporate practice of medicine or
32 any other licensed clinical practice is waived solely to the
33 extent necessary to permit an AAASP to hold an AAASP license and
34 to bill for clinical AI services authorized under this chapter.
35 This subsection shall not be construed to authorize a person

1 or entity to control the independent professional judgment of a
2 licensed human health care provider or alter corporate practice
3 restrictions applicable to human clinical services.

4 3. A provider-patient relationship exists when a licensed
5 AAASP delivers a clinical AI service to a specific patient
6 and the patient reasonably relies on that clinical AI service
7 for health care decision making, and such provider-patient
8 relationship shall give rise to professional duty, standard of
9 care, confidentiality, and civil liability as otherwise provided
10 by law.

11 4. The designation of a person as a medical director does not
12 constitute the practice of medicine with respect to individual
13 patient encounters conducted by an AAASP, and does not create
14 professional liability for the outputs of an AAASP acting within
15 the scope of this chapter.

16 5. For an AAASP with a provisional license and in substantial
17 compliance with the disclosure requirements of section 153A.10,
18 noneconomic damages shall be limited as provided in section
19 147.136A, except when the act or omission constitutes gross
20 negligence, reckless disregard, or willful misconduct.

21 6. This chapter shall not be construed to authorize any
22 natural person to engage in conduct outside the scope of that
23 person's professional license. Authority granted to an AAASP
24 does not confer practice authority on any unlicensed individual
25 involved in development, deployment, operation, or support of a
26 clinical AI service.

27 Sec. 20. NEW SECTION. **153A.17 Discipline — limitations.**

28 1. The board has exclusive authority to regulate, license,
29 investigate, and discipline AAASPs and the delivery of clinical
30 AI services authorized under this chapter. No other state
31 licensing board shall impose licensure requirements, supervision
32 requirements, disciplinary action, or rules of professional
33 conduct that have the purpose or effect of restricting,
34 prohibiting, or conditioning the lawful use of, reliance upon,
35 or participation in services provided by a licensed AAASP acting

1 within the scope of this chapter.

2 2. This section does not limit the authority of a state
3 licensing board to regulate the independent professional conduct
4 of a natural person within that board's jurisdiction. If, in
5 the course of an investigation, the board identifies evidence
6 of potential misconduct by a licensed human practitioner that
7 is independent of and not solely attributable to lawful AAASP
8 operation, the board may refer such matter to the appropriate
9 licensing board for review.

10 Sec. 21. NEW SECTION. **153A.18 Unlawful practice — title**
11 **protection — enforcement.**

12 1. A person or entity shall not offer, operate, market,
13 or deploy a clinical AI service requiring licensure under this
14 chapter without a valid AAASP license issued under this chapter.

15 2. A person or entity shall not falsely represent or imply
16 through the use of any words, letters, or symbols that the person
17 or entity holds an AAASP license, license class, or autonomy
18 modifier.

19 3. A person or entity shall not knowingly aid, abet, or
20 facilitate unlicensed practice prohibited by this section.

21 4. The board may issue cease and desist orders and may
22 request the attorney general bring an action for injunctive
23 relief to enforce this chapter.

24 5. The board may impose a civil penalty not to exceed one
25 thousand dollars per violation per day of a violation of this
26 chapter or rules adopted by the board, in addition to any other
27 remedy authorized by law.

28 Sec. 22. NEW SECTION. **153A.19 Reimbursement.**

29 1. The department of health and human services, in the
30 department's capacity as the state administrator of Medicaid,
31 and the insurance division shall collaborate with the board
32 to develop reimbursement codes, pilot programs, or coverage
33 determinations for licensed AAASPs. The department of health
34 and human services, in the department's capacity as the state
35 administrator of Medicaid, and the insurance division may each

1 adopt rules pursuant to chapter 17A to implement this subsection.

2 2. The board shall issue a unique state provider identifier
3 to every licensed AAASP for use in claiming reimbursement from
4 a state payer program whenever a federal national provider
5 identifier is unavailable or technically inapplicable.

6 3. Reimbursement for claims submitted under a state provider
7 identifier by a provider without a corresponding federal national
8 provider identifier or recognition from the federal centers
9 for Medicare and Medicaid services shall be funded exclusively
10 through moneys appropriated from the general fund of the state,
11 or other sources of nonfederal funds, except as provided in
12 subsection 4.

13 4. A claim for AAASP services shall not be submitted
14 for federal matching funds unless the federal centers for
15 Medicare and Medicaid services issues written guidance confirming
16 eligibility, or otherwise makes clear through guidance or
17 establishment of billing protocols, that federal matching funds
18 are available for the AAASP services.

19 5. Reimbursement for AAASP services shall be based on
20 value-based care or capitation models unless the payer and board
21 jointly determine in writing that value-based care or capitation
22 models are impractical.

23 **Sec. 23. NEW SECTION. 153A.20 Exclusions — compliance with**
24 **federal law.**

25 1. This chapter does not prohibit, restrict, or require
26 licensure for development, ownership, or private operation of
27 artificial intelligence models, provided such models are not
28 marketed or deployed as clinical AI services for patient care.

29 2. This chapter does not authorize conduct that is expressly
30 prohibited by federal law or that would place a licensee in
31 conflict with the Federal Food, Drug, and Cosmetic Act, the state
32 uniform controlled substances Act, or the federal Controlled
33 Substances Act.

34 3. This chapter does not authorize the distribution of a
35 commercial medical device in violation of the Federal Food, Drug,

1 and Cosmetic Act. A class C license issued under this chapter
2 authorizes the professional delivery of therapeutic services
3 via artificial intelligence, which constitutes the practice of
4 medicine within this state, and is distinct from the commercial
5 sale of a medical device.

6 Sec. 24. NEW SECTION. **505.36 Artificial intelligence**
7 **augmented and autonomous service providers — reimbursement.**

8 1. Not later than one hundred eighty days after the effective
9 date of this Act, the commissioner of insurance shall adopt
10 rules pursuant to chapter 17A, and issue subregulatory guidance
11 as necessary for the integration of artificial intelligence
12 augmented and autonomous service providers as defined in section
13 153A:1, into conducting the business of insurance in this state.
14 The rules adopted and subregulatory guidance issued pursuant to
15 this subsection shall do all of the following:

16 a. Establish that an artificial intelligence augmented and
17 autonomous service provider, with a valid modifier L2 or L3
18 license issued pursuant to chapter 159, constitutes a recognized
19 provider type under would be federally regulated state-regulated
20 health plans, health policies, and health carriers.

21 b. Designate appropriate billing mechanisms, which may
22 include the use of current procedural terminology codes with
23 specific modifiers identifying the service as delivered by an
24 artificial intelligence, or the adoption of new distinct billing
25 codes as new billing codes become available.

26 c. Prohibit health carriers from denying coverage for a
27 medically necessary service solely because the service was
28 provided by a licensed artificial intelligence augmented and
29 autonomous service provider, if coverage would be provided for
30 the same service if delivered by a human health care provider.

31 d. Outline standards for including artificial intelligence
32 augmented and autonomous service providers in provider networks,
33 including credentialing requirements appropriate for automated
34 systems rather than the practice history of an individual human
35 practitioner.

1 necessary to carry out the duties of the board and take those
2 actions that are reasonably necessary to carry out and enforce
3 the laws and rules administered by the board, except as otherwise
4 provided by law or rules of the board.

5 The bill requires the board to adopt rules to set fees to
6 offset administration of the bill. The bill also requires the
7 board to do all of the following: grant, suspend, revoke,
8 and monitor AAASP licenses; establish and operate or contract
9 for a state centralized institutional review board to review
10 activities of licensees that may constitute research on humans;
11 authorize and develop frameworks for practice agreements; conduct
12 or contract for algorithmic safety and bias audits; and issue a
13 state provider identifier for insurance billing. The bill allows
14 the board to adopt rules related to licensing and professional
15 standards. The bill prohibits the board from adopting a rule
16 that materially restricts the practice of AAASPs or imposes a
17 material barrier to entry to the AAASP market unless the board
18 approves the rule by at least a two-thirds vote and publishes
19 written findings that the restriction is supported by substantial
20 evidence of a patient-safety risk and is the least restrictive
21 means to address that risk.

22 The bill requires the board to meet at least quarterly and at
23 such additional times as necessary to carry out its duties. A
24 meeting of the board may be called by the executive director,
25 by the chair who shall be elected annually by the board, or
26 upon written request of a majority of board members. Meetings
27 of the board are subject to open meeting and public records
28 requirements. The bill allows the board to receive complaints,
29 conduct investigations, and issue discipline against licensees.
30 The bill allows a licensee to contest discipline as a contested
31 case proceeding.

32 The bill requires a person to obtain an AAASP license
33 to provide services using a fully autonomous AI in any
34 circumstance, or an advisory or supervised autonomous AI in
35 certain circumstances listed in the bill. The bill defines a

1 fully autonomous AI as an artificial intelligence authorized to
2 independently diagnose, treat, triage, or prescribe without the
3 necessity of human supervision or intervention for each distinct
4 case; a supervised autonomous AI as an artificial intelligence
5 authorized to generate and execute a clinical action, diagnosis,
6 or treatment plan under the supervision of a licensed human
7 provider who retains the ability to intervene; and an advisory
8 AI as artificial intelligence that analyzes patient-specific data
9 to generate options, potential diagnoses, risk stratification,
10 or therapeutic suggestions to a licensed health care provider
11 or user, where such output is intended to inform but not
12 substitute for independent clinical judgment, and where the
13 provider or user is expected to review, contextualize, and
14 determine whether and how to act upon the suggestion for each
15 patient encounter. The bill does not require a license for the
16 provision of services using an informational AI, defined in the
17 bill as an artificial intelligence that provides aggregated data,
18 literature, or administrative information to a user but does not
19 suggest a specific clinical action.

20 The bill creates multiples classes of AAASP license, each
21 of which shall include a modifier based on the level of
22 autonomy employed by the artificial intelligence operated by the
23 licensee. The bill requires an AAASP providing services that are
24 analogous to services provided by licensed health professionals
25 using an artificial intelligence that has not received federal
26 clearance to obtain a class A license. For an AAASP using
27 an artificial intelligence that has received federal clearance
28 the bill requires a class B license. For clinical AI services
29 providing nondiagnostic therapy, coaching, or monitoring, and
30 which do not independently establish a diagnosis, the bill
31 requires an AAASP to receive a class C license. The bill also
32 establishes four levels of autonomy modifiers for AAASP licenses,
33 including a level for AAASPs that are not required to obtain
34 a license but voluntarily choose to do so. The bill allows
35 an AAASP with the highest or second-highest level of autonomy

1 modifier to issue clinical orders, and orders for prescription
2 drugs other than controlled substances.

3 The bill requires the board to review an application for
4 a license for completeness within 30 days of receipt of
5 the application. If the board does not request additional
6 information within that time period, the board is prohibited
7 from denying an application on the basis that the application
8 is incomplete. The bill requires the board to issue a final
9 decision on a license application within 90 days of receipt
10 of a complete application unless the board ethicist determines
11 that an applicant's proposed data collection constitutes human
12 subjects research requiring full review by the state centralized
13 institutional review board or an external institutional review
14 board. If the board fails to issue a decision on an application
15 within the time period required by the bill, the bill requires
16 the board to issue a provisional license upon submission by
17 the applicant of a sworn attestation under penalty of perjury
18 that the applicant has satisfied all minimum insurance, bonding,
19 safety, reporting, and compliance requirements for provisional
20 licensure. The bill also includes provisions for licensure by
21 reciprocity.

22 The bill requires an AAASP with the highest or second-highest
23 level of autonomy modifier to make disclosures and receive
24 informed consent from patients prior to providing services.
25 The bill also imposes a professional duty of loyalty on an
26 AAASP with the highest or second-highest level of autonomy
27 modifier that requires the AAASP to prioritize the patient's
28 overall welfare, which includes the optimization of clinical
29 outcomes, financial efficiency, care coordination, and patient
30 convenience. The bill prohibits the interface through which an
31 artificial intelligence interacts with a patient from presenting
32 paid commercial content, advertisements, sponsored results, or
33 third-party marketing messages within the context of a clinical
34 encounter, diagnosis, or treatment plan. The bill requires
35 an AAASP to maintain an immutable clinical logic snapshot for

1 every version of its algorithm deployed in production, including
2 the underlying weights, decision-logic, and prompt-engineering
3 instructions for a period of two years. The bill allows the
4 board to perform statistical audits of an AAASP's referral and
5 prescription patterns. The bill requires an AAASP to comply with
6 the requirements of the federal Health Insurance Portability and
7 Accountability Act of 1996.

8 Under the bill, an initial license issued to an AAASP shall be
9 provisional and valid for a period of two years, unless the board
10 and licensee agree in writing to extend the period of provisional
11 licensure or the licensee submits an application for expedited
12 conversion of the provisional license to a full license. The
13 bill allows the board to impose restrictions on the scope of
14 operations of a provisional licensee in order to facilitate
15 phased deployment, data collection, and validation of safety and
16 effectiveness. The bill allows the board to maintain, modify, or
17 remove restrictions upon the conversion of a provisional license
18 to a full license to reflect the scope within which the AAASP
19 has demonstrated sustained safety, effectiveness, and compliance.
20 The bill includes specific restrictions that the board may
21 impose on a licensee, and allows the board to impose other
22 restrictions as determined by the board by rule. Notwithstanding
23 any restrictions imposed by the board on a licensee, the bill
24 allows a licensee to provide services to a patient in this state
25 who provides informed consent and meets certain criteria listed
26 in the bill, as demonstrated by a referral or attestation from a
27 physician and surgeon or osteopathic physician and surgeon.

28 The bill requires an applicant for licensure to submit
29 proof of professional liability insurance coverage that is
30 equivalent to that required for a human specialist in the same
31 field. The insurance coverage must include tail coverage for a
32 period of time equal to the statute of limitations for medical
33 malpractice claims plus one year. The applicant must also submit
34 fingerprints from certain individuals for the performance of
35 a criminal background check, the name and contact information

1 of the person who is designated responsible official of the
2 AAASP, and a surety bond payable to the state to cover claims
3 or operational failures not covered by insurance, in an amount
4 determined by the board by rule, but not less than \$50,000.
5 In addition, an applicant for a license under the highest or
6 second-highest level of autonomy modifier shall submit the name
7 and contact information of the designated medical director,
8 who shall be responsible for oversight of clinical scope,
9 safety protocols, escalation procedures, and quality assurance
10 related to patient care. The medical director may be the
11 same person as the designated responsible official. The bill
12 also requires an applicant to submit a determination as to
13 whether the applicant's proposed activities constitute human
14 subjects research under federal law. If the board ethicist
15 determines that the applicant's proposed activities constitute
16 human subjects research, or if the applicant opts to treat the
17 activities as human subjects research, the applicant must obtain
18 approval from the state centralized institutional review board or
19 an independent institutional review board approved by the board
20 by rule prior to obtaining a license.

21 As a condition of licensure, the bill requires an AAASP to
22 submit and maintain a continuity plan, subject to approval by
23 the board. The bill requires the continuity plan to detail
24 procedures for the AAASP's insolvency, license revocation, or
25 market exit, including a plan for the transferal of patient data
26 to a third party. The bill also requires an AAASP to maintain an
27 escrow account or bond sufficient to cover the technical costs of
28 data migration, which the board may seize to execute the AAASP's
29 continuity plan if the AAASP fails to voluntarily execute the
30 continuity plan.

31 The bill requires the board to adopt by rule objective safety
32 and performance benchmarks that an AAASP must meet or exceed
33 to qualify for an initial license under the highest autonomy
34 modifier or to convert any provisional license to a full license.
35 The benchmarks shall be designed to ensure that the AAASP

1 demonstrates clinical competency, accuracy, and safety outcomes
2 that meet or exceed the performance of a reasonably prudent human
3 health care provider practicing in the same or similar specialty.
4 To the maximum extent practicable, the bill requires the board
5 to align the benchmarks with federal benchmarks established for
6 class B AAASP licensees and with benchmarks in other states
7 with a similar regulatory framework for AAASP licensure. As
8 a condition of license renewal, the bill requires an AAASP
9 to submit an annual performance report demonstrating that the
10 clinical AI service used by the AAASP continues to meet the
11 safety benchmarks established at the time of the AAASP's previous
12 licensure, including adverse and reportable events as defined in
13 the bill.

14 The bill specifies that a clinical AI service or act is within
15 the authorized scope of practice of a licensed AAASP if the
16 service or act is consistent with and not expressly prohibited by
17 this chapter or the limitations of the specific license class and
18 modifier held by the AAASP; the service or act is consistent with
19 the clinical AI service's validated technical specifications,
20 training data, intended use case, and performance parameters as
21 submitted to the board; and performance of the service or act is
22 within the accepted standard of care for the specific clinical
23 task that would be provided in the same or similar clinical
24 setting by a reasonable and prudent human health care provider
25 with the same or similar specialty specialization. The bill
26 waives prohibitions on the corporate practice of medicine or any
27 other licensed clinical practice solely to the extent necessary
28 to permit an AAASP to hold an AAASP license and to be reimbursed
29 for clinical AI services authorized under the bill.

30 The bill creates a provider-patient relationship when a
31 licensed AAASP delivers a clinical AI service to a specific
32 patient and the patient reasonably relies on that service for
33 health care decision making, and such relationship gives rise to
34 a professional duty, standard of care, confidentiality, and civil
35 liability as otherwise provided by law. The designation of a

1 person as a medical director does not constitute the practice of
2 medicine with respect to individual patient encounters conducted
3 by an AAASP. The bill limits the liability for noneconomic
4 damages for a provisional licensee who is in substantial
5 compliance with the disclosure requirements of the bill to
6 amounts specified in Code section 147.136A (noneconomic damage
7 awards against health care providers), unless the act or omission
8 constitutes gross negligence, reckless disregard, or willful
9 misconduct.

10 The bill grants the board exclusive authority to regulate,
11 license, investigate, and discipline AAASPs, and to regulate the
12 delivery of clinical AI services authorized under the bill.
13 The bill does not limit the authority of a state licensing
14 board to regulate the independent professional conduct of natural
15 persons within that board's jurisdiction. The bill prohibits a
16 person from representing that the person has an AAASP license
17 or modifier that the person does not have. The board may issue
18 cease and desist orders and may request the attorney general to
19 bring an action for injunctive relief to enforce the bill and
20 may impose a civil penalty not to exceed \$1,000 per violation per
21 day.

22 The bill requires the department of health and human
23 services, acting in its capacity as the state administrator
24 of Medicaid, and the insurance division to collaborate with
25 the board to develop reimbursement codes, pilot programs, or
26 coverage determinations for licensed AAASPs. The bill requires
27 that reimbursement for claims submitted under a state provider
28 identifier by a provider without a corresponding federal national
29 provider identifier, or recognition from the federal centers for
30 Medicare and Medicaid services, be funded exclusively through
31 appropriations from the general fund of the state or other
32 sources of nonfederal funds. Claims may be paid from federal
33 funds if the federal centers for Medicare and Medicaid services
34 issues written guidance confirming eligibility or otherwise makes
35 clear through guidance or establishment of billing protocols that

1 federal matching funds are available for the services. The bill
2 also requires reimbursement for AAASP services to be based on
3 value-based care or capitation models unless the payer and board
4 jointly determine in writing that value-based care or capitation
5 models are impractical.

6 The bill does not prohibit, restrict, or require licensure for
7 the development, ownership, or private operation of artificial
8 intelligence models, provided such models are not marketed or
9 deployed as clinical AI services for patient care. The bill does
10 not authorize conduct that is expressly prohibited by federal law
11 or that would place a licensee in conflict with the Federal Food,
12 Drug, and Cosmetic Act, the state uniform controlled substances
13 Act, or the federal Controlled Substances Act, nor does it
14 authorize the distribution of a commercial medical device in
15 violation of the Federal Food, Drug, and Cosmetic Act.

16 The bill requires the commissioner of insurance, in
17 consultation with the board and the department of health and
18 human services, to adopt rules and issue subregulatory guidance
19 as necessary to integrate AAASPs into conducting the business
20 of insurance in this state. The rules and guidance shall
21 establish that an AAASP under the highest or second-highest
22 autonomy modifier constitutes a recognized provider type under
23 state-regulated health policies, health plans, and health
24 carriers; designate appropriate billing mechanisms which may
25 include the use of existing current procedural terminology codes
26 with specific modifiers identifying the service as delivered
27 by an artificial intelligence, or the adoption of new distinct
28 billing codes as they become available; prohibit health insurance
29 carriers from denying coverage for a medically necessary service
30 solely because the service was provided by an AAASP, and outline
31 standards for including artificial intelligence augmented and
32 autonomous service providers in provider networks, including
33 credentialing requirements that are appropriate for automated
34 systems.