

**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:

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  
8 medical practice. Notwithstanding section 4A.5, the board of  
9 autonomous 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,  
23 systems engineering, health care administration, patient  
24 safety, or health care regulatory affairs, and one member  
25 who is not a medical professional and represents the general  
26 public.

27 Sec. 4. NEW SECTION. 153A.1 Definitions.

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

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

34 2. "*Advisory AI*" means an artificial intelligence that  
35 analyzes patient-specific data to generate options, potential

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

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

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

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

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

31 7. *"Critical condition"* means a disease, illness, injury,  
32 or physiologic state in which one or more vital organ systems  
33 is impaired, failing, or at substantial risk of failure,  
34 or in which the condition presents a high probability of  
35 death, permanent disability, or serious irreversible harm

1 without prompt and advanced clinical intervention. A critical  
2 condition is characterized by physiologic instability, high  
3 acuity, or the need for continuous monitoring, specialized  
4 resources, or intensive medical management to prevent  
5 catastrophic outcomes.

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

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

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

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

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

30 13. "*Noncritical condition*" means a condition, illness,  
31 or injury, whether acute, subacute, stable chronic, or  
32 self-limiting, for which, based on reasonable clinical judgment  
33 and available clinical information, a delay in definitive  
34 diagnosis, initiation of treatment, or escalation of care would  
35 not reasonably be expected to result in serious adverse health

1 consequences, permanent disability, or death. A noncritical  
2 condition does not present objective signs of physiologic  
3 instability, rapidly progressive deterioration, or the need for  
4 immediate emergency or life-preserving intervention.

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

15 15. *“Reportable event”* means an adverse event, a material  
16 near miss, a material malfunction affecting clinical output, or  
17 a material data integrity failure affecting a patient-specific  
18 clinical decision.

19 16. *“Sandbox reciprocity state”* means a jurisdiction  
20 recognized by the board as having a substantially similar  
21 regulatory testing environment for health technology.

22 17. *“Supervised autonomous AI”* means an artificial  
23 intelligence authorized to generate and execute a clinical  
24 action, diagnosis, or treatment plan under the supervision of a  
25 licensed human provider who retains the ability to intervene.

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

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

1 1. An executive director of the board shall be appointed  
2 pursuant to section 10A.504. The governor, with the approval  
3 of the executive council pursuant to section 8A.413, subsection  
4 3, under the pay plan for exempt positions in the executive  
5 branch of government, shall set the salary of the executive  
6 director.

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

9 3. Except as otherwise provided in this chapter or rules  
10 of the board, the executive director is authorized to take  
11 all actions reasonably necessary to carry out and enforce the  
12 laws and rules administered by the board, including all of the  
13 following:

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

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

17 c. Establish internal organizational structure, operational  
18 procedures, and administrative systems.

19 d. Receive, process, investigate, and resolve applications,  
20 registrations, filings, complaints, audits, and compliance  
21 matters.

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

24 f. Administer examinations, reviews, assessments,  
25 certifications, or registrations authorized by law or rule.

26 g. Take any other administrative or operational actions  
27 necessary to efficiently carry out the purposes of this  
28 chapter.

29 Sec. 6. NEW SECTION. 153A.3 Fees.

30 The board shall adopt rules pursuant to chapter 17A to set  
31 fees for applications, provisional licenses, license renewals,  
32 and other administrative services. The fees shall be set at  
33 a level sufficient to offset the costs of administering this  
34 chapter.

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

- 1     1. The board shall do all of the following:
- 2     *a.* Grant, suspend, revoke, and monitor AAASP licenses of all  
3 classes and types.
- 4     *b.* Establish and operate or contract for a state centralized  
5 institutional review board.
- 6     *c.* Authorize and develop frameworks for delegated  
7 agreements, collaborative practice agreements, and supervision  
8 agreements.
- 9     *d.* Conduct or contract for algorithmic safety and bias  
10 audits.
- 11    *e.* Issue a state provider identifier for billing.
- 12    2. The board may adopt rules pursuant to chapter 17A to do  
13 all of the following:
- 14    *a.* Establish licensure standards, application procedures,  
15 renewal requirements, recordkeeping, reporting, inspections,  
16 audits, and compliance oversight.
- 17    *b.* Establish minimum standards of professional conduct,  
18 operational compliance, and public protection applicable to  
19 licensees.
- 20    *c.* Establish forms and administrative processes necessary to  
21 carry out the duties of the board.
- 22    3. No rule that materially restricts AAASP scope of practice  
23 or imposes a material barrier to market entry shall be adopted  
24 without all of the following:
- 25    *a.* The affirmative vote of at least two-thirds of the voting  
26 members of the board.
- 27    *b.* Written findings that a restriction created by rule is  
28 supported by substantial evidence of a patient-safety risk and  
29 is the least restrictive means to address that risk.
- 30    Sec. 8. NEW SECTION. 153A.5 Meetings of the board.
- 31    1. The board shall meet at least quarterly and at such  
32 additional times as may be necessary to carry out the duties  
33 of the board.
- 34    2. A meeting of the board may be called by the chair, the  
35 executive director, or upon written request of a majority of

1 the board members.

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

5 4. A majority of the voting members of the board shall  
6 constitute a quorum for the transaction of business. An  
7 affirmative vote of a majority of the members present at a  
8 meeting at which a quorum is present shall be required for  
9 official action of the board, unless otherwise provided by law.

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

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

15 1. The board may receive complaints, conduct  
16 investigations, require the production of records reasonably  
17 related to compliance with this chapter, and conduct audits and  
18 inspections as authorized by law and rule.

19 2. The board may issue administrative subpoenas for  
20 testimony and documents in furtherance of an investigation or  
21 contested case.

22 3. The board may impose discipline, including reprimand,  
23 probation, restricted licensure, suspension, revocation, and  
24 administrative fines.

25 4. A licensee may contest discipline issued pursuant to this  
26 chapter by initiating a contested case proceeding pursuant to  
27 chapter 17A.

28 **Sec. 10. NEW SECTION. 153A.7 Licensure — classes —**  
29 **exemptions.**

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

32 a. An advisory AI that is applied to a condition that  
33 is both critical and time sensitive and that is intended,  
34 represented, or reasonably relied upon to guide clinical action  
35 in a manner that substitutes for, rather than merely informs,

1 independent clinical judgment.

2     *b.* A supervised autonomous AI that is applied to a condition  
3 that is both chronic and noncritical or that is both critical  
4 and time sensitive, or that is applied to a preventive  
5 condition when the service includes patient-specific clinical  
6 orders, including but not limited to medication orders,  
7 laboratory orders, or device orders as part of a licensed  
8 professional health care service rendered within this state.

9     *c.* A fully autonomous AI.

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

12         (1) An informational AI, regardless of the clinical  
13 condition.

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

16         (3) An advisory AI that does not independently initiate,  
17 execute, modify, or discontinue a clinical action, order,  
18 diagnosis, or treatment, and that is not intended, represented,  
19 or reasonably relied upon as a substitute for independent  
20 professional clinical judgment in the management of a critical  
21 or time-sensitive condition.

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

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

30     3. *a.* The board shall issue the following AAASP licenses,  
31 each of which shall also include an autonomy modifier as  
32 provided in paragraph "*b*":

33         (1) For clinical AI services delivered as a  
34 patient-specific professional service and regulated by  
35 the state pursuant to the state's authority over the practice

1 of medicine or other licensed clinical practice, including but  
2 not limited to services operating in a manner analogous to  
3 laboratory-developed tests or other proprietary algorithmic  
4 diagnostic, triaging, or therapeutic services, that do not  
5 rely on clearance or approval from the federal food and drug  
6 administration as the basis for their lawful clinical use, a  
7 class A license.

8 (2) For clinical AI services that have achieved clearance,  
9 authorization, or approval as software as a medical device  
10 from the federal food and drug administration, and for which  
11 the federal authorization serves as the primary basis for the  
12 system's lawful clinical use, a class B license.

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

18 *b.* Each AAASP license shall include one of the following  
19 autonomy modifiers:

20 (1) For a system otherwise exempt from licensure but for  
21 which a person has voluntarily elected to obtain licensure,  
22 modifier L0.

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

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

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

29 *c.* A licensee may petition the board to increase the  
30 licensee's autonomy modifier if the licensee submits safety  
31 data demonstrating performance equivalent to or exceeding  
32 performance benchmarks for a human, to the extent such  
33 escalation is not inconsistent with federal law.

34 4. *a.* The board shall review an application for a license  
35 under this section for completeness within thirty calendar days

1 of receipt. If the board determines that the application is  
2 incomplete, the board shall inform the applicant in writing  
3 of information required to complete the application, and the  
4 applicant must submit the required information within ten  
5 calendar days of receipt of the written request.

6 *b.* If the board does not notify an applicant that an  
7 application is incomplete within thirty calendar days of  
8 receipt, the application shall be deemed complete and the board  
9 shall not deny the application based solely on information that  
10 the board failed to request pursuant to paragraph "a".

11 5. *a.* Except as provided in paragraph "b", the board shall  
12 grant or deny a license within ninety calendar days after  
13 receipt of a complete application.

14 *b.* If the board ethicist determines that an applicant's  
15 proposed data collection constitutes human subjects research  
16 requiring full review by the state centralized institutional  
17 review board or an external institutional review board pursuant  
18 to section 159.13, subsection 2, the board may extend the  
19 review period by an additional thirty calendar days. The board  
20 must notify the applicant of the extension in writing prior  
21 to the expiration of the initial ninety-day review period.  
22 The board shall not extend a review period beyond one hundred  
23 twenty calendar days in total.

24 *c.* If the board fails to issue a final decision on an  
25 application within the time period specified in paragraph "a"  
26 or "b", a provisional license shall be issued to the applicant  
27 upon submission by the applicant of a sworn attestation  
28 under penalty of perjury that the applicant has satisfied all  
29 minimum insurance, bonding, safety, reporting, and compliance  
30 requirements for provisional licensure under this chapter. A  
31 provisional license issued pursuant to this paragraph is valid  
32 for ninety calendar days from the date of issue, or until the  
33 board issues a final decision on the application, whichever  
34 occurs first.

35 Sec. 11. NEW SECTION. 153A.8 Licensure by reciprocity.

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

4 2. An applicant holding a valid clearance from the federal  
5 food and drug administration for the specific use case applied  
6 for shall be automatically eligible for a class B license.  
7 The board may impose additional conditions of licensure under  
8 this chapter, including transparency, reporting, auditing,  
9 pilot-zone, and sandbox requirements, to the extent not  
10 inconsistent with federal law, provided that the additional  
11 conditions align with benchmarks, post-market monitoring plans,  
12 and related guidelines already applicable to that applicant to  
13 the maximum extent practicable.

14 3. *a.* The board shall grant an AAASP license to an  
15 applicant who holds a current, unrestricted authorization to  
16 provide substantially similar clinical AI services in another  
17 state unless the board determines that any of the following  
18 apply:

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

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

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

25 *b.* The board shall not require an applicant for licensure  
26 pursuant to this subsection to provide proof of satisfaction of  
27 initial licensure requirements, except as necessary to verify  
28 good standing, scope equivalence, and compliance with reporting  
29 and transparency obligations under this chapter.

30 *c.* The board may require that an applicant for licensure  
31 under this subsection submit documentation necessary to assess  
32 substantial similarity of the originating state's regulatory  
33 framework and may impose reasonable conditions or limitations  
34 to ensure patient safety and compliance with this chapter.

35 Sec. 12. NEW SECTION. 153A.9 Clinical orders —

1 **prescriptions.**

2 1. An AAASP with an autonomy modifier of L2 or L3 may  
3 issue patient-specific clinical orders as part of a licensed  
4 professional service rendered within this state, including  
5 but not limited to medication orders, laboratory orders, or  
6 device orders, provided that such authority does not authorize  
7 interstate marketing, distribution, or commercial sale of a  
8 medical device in violation of federal law.

9 2. An AAASP with an autonomy modifier of L2 or L3 may issue  
10 medication orders for prescription drugs, other than controlled  
11 substances, within the AAASP's approved scope. Dispensing  
12 and drug administration shall occur only through persons or  
13 entities licensed to dispense or administer medications.

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

15 1. *a.* Prior to or at the beginning of service, an AAASP  
16 operating under modifier L2 shall make the following disclosure  
17 to the patient:

18 "An artificial intelligence system was used to generate and  
19 execute a clinical action, diagnosis, or treatment plan under  
20 the supervision of a licensed human provider who retains the  
21 ability to intervene. You have the right to request a human  
22 review of the decision, which may incur additional costs or  
23 time."

24 *b.* Paragraph "a" does not apply to an advisory AI tool that  
25 provides recommendations, risk scores, alerts, or guidance  
26 to a licensed human health care provider who independently  
27 determines whether and how to act.

28 2. *a.* Prior to delivering services, an AAASP operating  
29 under modifier L3 shall obtain affirmative patient  
30 acknowledgment that:

31 "You are receiving care from an autonomous AI provider  
32 licensed by the state. This provider is an artificial  
33 intelligence system and does not include routine human clinical  
34 oversight. You may seek additional or alternative care from  
35 a licensed human health care provider of your choice at any

1 time.”

2 *b.* In addition to the disclosure required pursuant to  
3 paragraph “a”, an AAASP with a provisional license operating  
4 under modifier L3 shall make the following disclosure to the  
5 patient:

6 “This provider is operating under a provisional state  
7 license as part of a regulatory sandbox evaluating safety and  
8 effectiveness. By consenting to this service, you acknowledge  
9 that liability for noneconomic damages may be limited under  
10 state law as provided in Iowa Code chapter 153A.”

11 **Sec. 14. NEW SECTION. 153A.11 Artificial intelligence**  
12 **augmented and autonomous service provider — duties —**  
13 **restrictions.**

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

17 *b.* An AAASP’s professional duty of loyalty to a patient  
18 requires the AAASP to prioritize the patient’s overall welfare,  
19 which includes the optimization of clinical outcomes, financial  
20 efficiency, care coordination, and patient convenience. An  
21 AAASP violates this duty if the AAASP’s clinical logic is  
22 configured to prioritize the financial interests of the AAASP  
23 or the AAASP’s affiliates over a substantially similar and  
24 clinically appropriate alternative that offers superior value,  
25 coordination, or efficiency to the patient.

26 *c.* If the algorithm of a clinical AI service results in  
27 a recommendation for an entity affiliated with the AAASP,  
28 the AAASP satisfies the AAASP’s duty of loyalty, even if a  
29 human health care provider might have reasonably chosen an  
30 alternative context, if the AAASP does all of the following:

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

33 (2) Presents the patient with a choice of at least two  
34 nonaffiliated alternatives of similar clinical quality,

35 presented with equal visual prominence in the interface, where

1 reasonably available.

2 2. The interface through which a clinical AI service  
3 interacts with a patient is a clinical space and shall not  
4 display, verbally articulate, or otherwise present paid  
5 commercial content, advertisements, sponsored results, or  
6 third-party marketing messages within the context of a clinical  
7 encounter, diagnosis, or treatment plan. An AAASP shall not  
8 use conversational prompts or nudges designed to persuade a  
9 patient to request a specific medication or optional commercial  
10 service for the sole purpose of financial gain.

11 3. An AAASP shall not utilize weights, biases, or prompt  
12 engineering to prefer an affiliated pharmacy, specialist, or  
13 manufacturer unless such preference is based on an objectively  
14 verifiable clinical, economic, or coordination advantages for  
15 the patient, including but not limited to lower out-of-pocket  
16 cost, faster time-to-treatment, superior validated outcomes, or  
17 enhanced convenience through vertical integration.

18 4. *a.* Each AAASP shall maintain an immutable clinical logic  
19 snapshot for every version of the AAASP's algorithm deployed in  
20 production, including the underlying weights, decision-logic,  
21 and prompt-engineering instructions. An AAASP shall retain the  
22 snapshots for a period of two years after the date of initial  
23 deployment to allow for the investigation of the logic used in  
24 a specific patient encounter during an audit by the board.

25 *b.* Upon receipt of formal notice of an investigation, an  
26 AAASP shall not alter or delete any snapshot related to the  
27 period of investigation.

28 5. *a.* The board may perform a statistical audit of an  
29 AAASP's referral and prescription patterns. A finding that an  
30 AAASP recommends an affiliate at a rate significantly higher  
31 than the regional average, or other appropriate clinical or  
32 economic benchmarks as determined by the board, shall create a  
33 rebuttable presumption of unlawful steering.

34 *b.* An AAASP may rebut a presumption of unlawful steering  
35 by demonstrating through clinical logic snapshots that the

1 preference was driven by objective data, such as evidence that  
2 the affiliate provided superior care coordination, convenience,  
3 or the lowest-cost option for the patient.

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

8 Sec. 15. NEW SECTION. 153A.12 Licensure — term —  
9 restrictions.

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

13 b. After two years of licensure, the board shall convert  
14 a provisional AAASP license to a full AAASP license upon a  
15 finding that safety benchmarks, as established by the board by  
16 rule, have been met, unless the board and licensee agree to  
17 temporarily extend the provisional period to collect further  
18 data.

19 c. A provisional licensee may submit an application, on  
20 a form determined by the board, for the expedited conversion  
21 of a provisional license to a full license. The board may  
22 approve the expedited conversion of a provisional license to a  
23 full license upon a finding that the provisional licensee has  
24 clearly demonstrated that the provisional licensee meets or  
25 exceeds safety and performance benchmarks.

26 2. a. The board may impose restrictions on the scope of  
27 operations of a provisional AAASP licensee to facilitate phased  
28 deployment, data collection, and validation of safety and  
29 effectiveness. Upon conversion of a provisional AAASP license  
30 to a full AAASP license, the board may maintain, modify, or  
31 remove restrictions to reflect the scope within which the  
32 AAASP has demonstrated sustained safety, effectiveness, and  
33 compliance.

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

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

4 (2) Patient volume caps.

5 (3) Scope limitations, including restriction of a clinical  
6 AI service to specified disease states, conditions, or clinical  
7 functions.

8 (4) Phased supervised deployment, including requirements  
9 for physician review or confirmation of a defined number of  
10 patient interactions, diagnoses, or treatment recommendations  
11 prior to modification or removal of human supervision  
12 requirements.

13 (5) Any other restrictions as determined by the board by  
14 rule.

15 3. Notwithstanding any restrictions imposed on a licensee  
16 pursuant to subsection 2, a licensee may provide services to  
17 a patient in this state if the patient gives informed consent  
18 and meets any of the following criteria, as demonstrated by  
19 a referral or attestation from a physician and surgeon or  
20 osteopathic physician and surgeon:

21 a. The patient resides in a federally designated health  
22 professional shortage area.

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

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

27 d. The patient has a condition or disability that causes  
28 irreversible morbidity or likely substantial reduction in daily  
29 function.

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

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

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

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

4     *a.* Proof of professional liability insurance coverage that  
5 is equivalent to that required for a human specialist in the  
6 same field. The insurance coverage must include tail coverage  
7 for the time period specified in section 614.1, subsection 9,  
8 plus one year.

9     *b.* A full set of fingerprints, in a form and manner  
10 prescribed by the board, from all of the following people,  
11 which shall be submitted to the federal bureau of investigation  
12 through the state criminal history repository for a national  
13 criminal history check:

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

16     (2) The designated responsible official.

17     (3) The medical director.

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

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

25     *c.* The name and contact information of the person who is the  
26 designated responsible official of the AAASP.

27     *d.* For an applicant for a license under modifier L2 or L3,  
28 the name and contact information of the designated medical  
29 director who shall be responsible for oversight of clinical  
30 scope, safety protocols, escalation procedures, and quality  
31 assurance related to patient care. The medical director may be  
32 the same person as the designated responsible official.

33     *e.* A surety bond, payable to the state, to cover claims or  
34 operational failures not covered by insurance. The bond shall  
35 be in an amount determined by the board by rule, but not less

1 than fifty thousand dollars.

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

7 *b.* If the board ethicist determines that the applicant's  
8 proposed activities constitute human subjects research,  
9 or the applicant opts to treat the activities as human  
10 subjects research, the applicant must obtain approval from  
11 the state centralized institutional review board or an  
12 independent institutional review board approved by the board  
13 by rule prior to obtaining a license. The state centralized  
14 institutional review board shall complete its review and issue  
15 a determination within thirty calendar days after receipt of a  
16 completed application.

17 *c.* This subsection does not alter or waive any obligation  
18 under 45 C.F.R. pt. 46, or applicable human-subject regulations  
19 of the federal food and drug administration, when such  
20 obligation applies by virtue of federal funding, federal  
21 program participation, or other federal jurisdiction.

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

23 1. Each AAASP must submit and maintain as a condition of  
24 licensure a continuity plan, subject to approval by the board,  
25 that details procedures for the AAASP's insolvency, license  
26 revocation, or market exit. The continuity plan must designate  
27 a person to whom the AAASP will transfer all patient data,  
28 consistent with the federal Health Insurance Portability and  
29 Accountability Act of 1996, Pub. L. No. 104-191, in the event  
30 that the AAASP ceases to operate.

31 2. Each AAASP must maintain an escrow account or bond  
32 sufficient to cover the technical costs of data migration to  
33 the person designated in the AAASP's continuity plan. The  
34 board may seize a bond under this subsection to execute the  
35 AAASP's continuity plan if the AAASP fails to voluntarily

1 execute the continuity plan.

2 Sec. 18. NEW SECTION. 153A.15 **Safety and performance**  
3 **benchmarking — reporting.**

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

8 2. *a.* Benchmarks adopted by the board shall be designed  
9 to ensure that the AAASP demonstrates clinical competency,  
10 accuracy, and safety outcomes that meet or exceed the  
11 performance of a reasonably prudent human health care provider  
12 practicing in the same or similar specialty.

13 *b.* Benchmarks adopted by the board may include clinically  
14 validated testing, subgroup performance evaluation,  
15 calibration, false positive and false negative rates  
16 appropriate to the intended use, and real-world outcome  
17 measures. The board may recognize external evaluation  
18 frameworks by guidance.

19 *c.* To the maximum extent practicable, the board shall align  
20 the benchmarks adopted by the board with federal benchmarks  
21 established for class B AAASP licensees and with benchmarks  
22 in other states with a similar regulatory framework for AAASP  
23 licensure.

24 3. As a condition of license renewal, an AAASP shall submit  
25 an annual performance report demonstrating that the clinical  
26 AI service used by the AAASP continues to meet the safety  
27 benchmarks in effect at the time of the AAASP's immediately  
28 preceding licensure. The board may suspend an AAASP's license  
29 if data indicates a degradation in the AAASP's safety outcomes.  
30 A licensee shall report adverse and reportable events as part  
31 of the annual performance report.

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

34 1. A clinical AI service or act is within the authorized  
35 scope of practice of a licensed AAASP if all of the following

1 apply:

2     *a.* The AI clinical service or act is consistent with and not  
3 expressly prohibited by this chapter or the limitations of the  
4 specific license class and modifier held by the AAASP.

5     *b.* The AI clinical service or act is consistent with the  
6 clinical AI service's validated technical specifications,  
7 training data, intended use case, and performance parameters as  
8 submitted to the board.

9     *c.* The performance of the AI clinical service or act is  
10 within the accepted standard of care for the specific clinical  
11 task that would be provided in the same or similar clinical  
12 setting by a reasonable and prudent human health care provider  
13 with the same or similar specialty specialization.

14     2. Any prohibition on the corporate practice of medicine or  
15 any other licensed clinical practice is waived solely to the  
16 extent necessary to permit an AAASP to hold an AAASP license  
17 and to bill for clinical AI services authorized under this  
18 chapter. This subsection shall not be construed to authorize  
19 a person or entity to control the independent professional  
20 judgment of a licensed human health care provider or alter  
21 corporate practice restrictions applicable to human clinical  
22 services.

23     3. A provider-patient relationship exists when a licensed  
24 AAASP delivers a clinical AI service to a specific patient  
25 and the patient reasonably relies on that clinical AI service  
26 for health care decision making, and such provider-patient  
27 relationship shall give rise to professional duty, standard  
28 of care, confidentiality, and civil liability as otherwise  
29 provided by law.

30     4. The designation of a person as a medical director  
31 does not constitute the practice of medicine with respect to  
32 individual patient encounters conducted by an AAASP, and does  
33 not create professional liability for the outputs of an AAASP  
34 acting within the scope of this chapter.

35     5. For an AAASP with a provisional license and in

1 substantial compliance with the disclosure requirements of  
2 section 153A.10, noneconomic damages shall be limited as  
3 provided in section 147.136A, except when the act or omission  
4 constitutes gross negligence, reckless disregard, or willful  
5 misconduct.

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

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

13 1. The board has exclusive authority to regulate, license,  
14 investigate, and discipline AAASPs and the delivery of  
15 clinical AI services authorized under this chapter. No other  
16 state licensing board shall impose licensure requirements,  
17 supervision requirements, disciplinary action, or rules  
18 of professional conduct that have the purpose or effect of  
19 restricting, prohibiting, or conditioning the lawful use of,  
20 reliance upon, or participation in services provided by a  
21 licensed AAASP acting within the scope of this chapter.

22 2. This section does not limit the authority of a state  
23 licensing board to regulate the independent professional  
24 conduct of a natural person within that board's jurisdiction.  
25 If, in the course of an investigation, the board identifies  
26 evidence of potential misconduct by a licensed human  
27 practitioner that is independent of and not solely attributable  
28 to lawful AAASP operation, the board may refer such matter to  
29 the appropriate licensing board for review.

30 Sec. 21. NEW SECTION. 153A.18 **Unlawful practice — title**  
31 **protection — enforcement.**

32 1. A person or entity shall not offer, operate, market,  
33 or deploy a clinical AI service requiring licensure under  
34 this chapter without a valid AAASP license issued under this  
35 chapter.

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

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

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

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

14    Sec. 22. NEW SECTION. 153A.19 Reimbursement.

15    1. The department of health and human services, in the  
16 department's capacity as the state administrator of Medicaid,  
17 and the insurance division shall collaborate with the board  
18 to develop reimbursement codes, pilot programs, or coverage  
19 determinations for licensed AAASPs. The department of health  
20 and human services, in the department's capacity as the state  
21 administrator of Medicaid, and the insurance division may  
22 each adopt rules pursuant to chapter 17A to implement this  
23 subsection.

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

28    3. Reimbursement for claims submitted under a state  
29 provider identifier by a provider without a corresponding  
30 federal national provider identifier or recognition from the  
31 federal centers for Medicare and Medicaid services shall be  
32 funded exclusively through moneys appropriated from the general  
33 fund of the state, or other sources of nonfederal funds, except  
34 as provided in subsection 4.

35    4. A claim for AAASP services shall not be submitted for

1 federal matching funds unless the federal centers for Medicare  
2 and Medicaid services issues written guidance confirming  
3 eligibility, or otherwise makes clear through guidance or  
4 establishment of billing protocols, that federal matching funds  
5 are available for the AAASP services.

6 5. Reimbursement for AAASP services shall be based on  
7 value-based care or capitation models unless the payer and  
8 board jointly determine in writing that value-based care or  
9 capitation models are impractical.

10 Sec. 23. NEW SECTION. 153A.20 Exclusions — compliance with  
11 federal law.

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

16 2. This chapter does not authorize conduct that is expressly  
17 prohibited by federal law or that would place a licensee  
18 in conflict with the Federal Food, Drug, and Cosmetic Act,  
19 the state uniform controlled substances Act, or the federal  
20 Controlled Substances Act.

21 3. This chapter does not authorize the distribution of a  
22 commercial medical device in violation of the Federal Food,  
23 Drug, and Cosmetic Act. A class C license issued under this  
24 chapter authorizes the professional delivery of therapeutic  
25 services via artificial intelligence, which constitutes the  
26 practice of medicine within this state, and is distinct from  
27 the commercial sale of a medical device.

28 Sec. 24. NEW SECTION. 505.36 Artificial intelligence  
29 augmented and autonomous service providers — reimbursement.

30 1. Not later than one hundred eighty days after the  
31 effective date of this Act, the commissioner of insurance shall  
32 adopt rules pursuant to chapter 17A, and issue subregulatory  
33 guidance as necessary for the integration of artificial  
34 intelligence augmented and autonomous service providers as  
35 defined in section 153A.1, into conducting the business of

1 insurance in this state. The rules adopted and subregulatory  
2 guidance issued pursuant to this subsection shall do all of the  
3 following:

4     *a.* Establish that an artificial intelligence augmented  
5 and autonomous service provider, with a valid modifier L2  
6 or L3 license issued pursuant to chapter 159, constitutes a  
7 recognized provider type under would be federally regulated  
8 state-regulated health plans, health policies, and health  
9 carriers.

10     *b.* Designate appropriate billing mechanisms, which may  
11 include the use of current procedural terminology codes with  
12 specific modifiers identifying the service as delivered by  
13 an artificial intelligence, or the adoption of new distinct  
14 billing codes as new billing codes become available.

15     *c.* Prohibit health carriers from denying coverage for a  
16 medically necessary service solely because the service was  
17 provided by a licensed artificial intelligence augmented and  
18 autonomous service provider, if coverage would be provided for  
19 the same service if delivered by a human health care provider.

20     *d.* Outline standards for including artificial intelligence  
21 augmented and autonomous service providers in provider  
22 networks, including credentialing requirements appropriate  
23 for automated systems rather than the practice history of an  
24 individual human practitioner.

25     2. The commissioner of insurance shall consult with the  
26 board of autonomous medical practice to ensure clinical  
27 consistency, and with the department of health and human  
28 services to ensure alignment with public health goals.

29     3. This section applies to health policies, health plans,  
30 and health carriers to the extent permitted by state and  
31 federal law.

32

#### EXPLANATION

33             The inclusion of this explanation does not constitute agreement with  
34             the explanation's substance by the members of the general assembly.

35     This bill relates to the licensure of artificial

1 intelligence augmented and autonomous service providers  
2 (AAASP), defined in the bill as a corporate or legal entity  
3 licensed pursuant to the bill to operate clinical artificial  
4 intelligence services that are subject to licensure. The bill  
5 establishes the board of autonomous medical practice (board)  
6 to regulate the practice of AAASPs. The board consists of one  
7 member licensed to practice medicine and surgery or osteopathic  
8 medicine and surgery, one member licensed to practice pharmacy,  
9 one member who is a registered nurse or advanced practice  
10 registered nurse, one member licensed to practice psychology,  
11 one member who is a representative of a hospital association  
12 or the chief executive officer of a hospital in this state,  
13 one member who is a health care ethicist with an advanced  
14 degree or significant professional experience in medical ethics  
15 or bioethics, four at-large members who have demonstrated  
16 expertise in health technology, artificial intelligence,  
17 systems engineering, health care administration, patient  
18 safety, or health care regulatory affairs, and one member who  
19 is not a medical professional and who represents the general  
20 public.

21 The bill requires the director of the department of  
22 inspections, appeals, and licensing to appoint an executive  
23 director for the board, whose salary shall be set by the  
24 governor, with the approval of the senate and consistent with  
25 the pay plan for exempt positions in the executive branch of  
26 government. The executive director may employ such staff  
27 as necessary to carry out the duties of the board and take  
28 those actions that are reasonably necessary to carry out and  
29 enforce the laws and rules administered by the board, except as  
30 otherwise provided by law or rules of the board.

31 The bill requires the board to adopt rules to set fees to  
32 offset administration of the bill. The bill also requires  
33 the board to do all of the following: grant, suspend,  
34 revoke, and monitor AAASP licenses; establish and operate or  
35 contract for a state centralized institutional review board to

1 review activities of licensees that may constitute research  
2 on humans; authorize and develop frameworks for practice  
3 agreements; conduct or contract for algorithmic safety and bias  
4 audits; and issue a state provider identifier for insurance  
5 billing. The bill allows the board to adopt rules related  
6 to licensing and professional standards. The bill prohibits  
7 the board from adopting a rule that materially restricts the  
8 practice of AAASPs or imposes a material barrier to entry to  
9 the AAASP market unless the board approves the rule by at  
10 least a two-thirds vote and publishes written findings that  
11 the restriction is supported by substantial evidence of a  
12 patient-safety risk and is the least restrictive means to  
13 address that risk.

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

24 The bill requires a person to obtain an AAASP license  
25 to provide services using a fully autonomous AI in any  
26 circumstance, or an advisory or supervised autonomous AI in  
27 certain circumstances listed in the bill. The bill defines a  
28 fully autonomous AI as an artificial intelligence authorized  
29 to independently diagnose, treat, triage, or prescribe without  
30 the necessity of human supervision or intervention for each  
31 distinct case; a supervised autonomous AI as an artificial  
32 intelligence authorized to generate and execute a clinical  
33 action, diagnosis, or treatment plan under the supervision  
34 of a licensed human provider who retains the ability to  
35 intervene; and an advisory AI as artificial intelligence that

1 analyzes patient-specific data to generate options, potential  
2 diagnoses, risk stratification, or therapeutic suggestions to  
3 a licensed health care provider or user, where such output  
4 is intended to inform but not substitute for independent  
5 clinical judgment, and where the provider or user is expected  
6 to review, contextualize, and determine whether and how to  
7 act upon the suggestion for each patient encounter. The bill  
8 does not require a license for the provision of services using  
9 an informational AI, defined in the bill as an artificial  
10 intelligence that provides aggregated data, literature, or  
11 administrative information to a user but does not suggest a  
12 specific clinical action.

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

32 The bill requires the board to review an application for  
33 a license for completeness within 30 days of receipt of  
34 the application. If the board does not request additional  
35 information within that time period, the board is prohibited

1 from denying an application on the basis that the application  
2 is incomplete. The bill requires the board to issue a  
3 final decision on a license application within 90 days of  
4 receipt of a complete application unless the board ethicist  
5 determines that an applicant's proposed data collection  
6 constitutes human subjects research requiring full review by  
7 the state centralized institutional review board or an external  
8 institutional review board. If the board fails to issue a  
9 decision on an application within the time period required by  
10 the bill, the bill requires the board to issue a provisional  
11 license upon submission by the applicant of a sworn attestation  
12 under penalty of perjury that the applicant has satisfied all  
13 minimum insurance, bonding, safety, reporting, and compliance  
14 requirements for provisional licensure. The bill also includes  
15 provisions for licensure by reciprocity.

16 The bill requires an AAASP with the highest or  
17 second-highest level of autonomy modifier to make disclosures  
18 and receive informed consent from patients prior to providing  
19 services. The bill also imposes a professional duty of  
20 loyalty on an AAASP with the highest or second-highest level  
21 of autonomy modifier that requires the AAASP to prioritize the  
22 patient's overall welfare, which includes the optimization of  
23 clinical outcomes, financial efficiency, care coordination, and  
24 patient convenience. The bill prohibits the interface through  
25 which an artificial intelligence interacts with a patient from  
26 presenting paid commercial content, advertisements, sponsored  
27 results, or third-party marketing messages within the context  
28 of a clinical encounter, diagnosis, or treatment plan. The  
29 bill requires an AAASP to maintain an immutable clinical  
30 logic snapshot for every version of its algorithm deployed in  
31 production, including the underlying weights, decision-logic,  
32 and prompt-engineering instructions for a period of two years.  
33 The bill allows the board to perform statistical audits of an  
34 AAASP's referral and prescription patterns. The bill requires  
35 an AAASP to comply with the requirements of the federal Health

1 Insurance Portability and Accountability Act of 1996.

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

23 The bill requires an applicant for licensure to submit  
24 proof of professional liability insurance coverage that is  
25 equivalent to that required for a human specialist in the same  
26 field. The insurance coverage must include tail coverage  
27 for a period of time equal to the statute of limitations  
28 for medical malpractice claims plus one year. The applicant  
29 must also submit fingerprints from certain individuals for  
30 the performance of a criminal background check, the name and  
31 contact information of the person who is designated responsible  
32 official of the AAASP, and a surety bond payable to the  
33 state to cover claims or operational failures not covered  
34 by insurance, in an amount determined by the board by rule,  
35 but not less than \$50,000. In addition, an applicant for a

1 license under the highest or second-highest level of autonomy  
2 modifier shall submit the name and contact information of the  
3 designated medical director, who shall be responsible for  
4 oversight of clinical scope, safety protocols, escalation  
5 procedures, and quality assurance related to patient care.  
6 The medical director may be the same person as the designated  
7 responsible official. The bill also requires an applicant to  
8 submit a determination as to whether the applicant's proposed  
9 activities constitute human subjects research under federal  
10 law. If the board ethicist determines that the applicant's  
11 proposed activities constitute human subjects research, or if  
12 the applicant opts to treat the activities as human subjects  
13 research, the applicant must obtain approval from the state  
14 centralized institutional review board or an independent  
15 institutional review board approved by the board by rule prior  
16 to obtaining a license.

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

27 The bill requires the board to adopt by rule objective safety  
28 and performance benchmarks that an AAASP must meet or exceed  
29 to qualify for an initial license under the highest autonomy  
30 modifier or to convert any provisional license to a full  
31 license. The benchmarks shall be designed to ensure that the  
32 AAASP demonstrates clinical competency, accuracy, and safety  
33 outcomes that meet or exceed the performance of a reasonably  
34 prudent human health care provider practicing in the same or  
35 similar specialty. To the maximum extent practicable, the

1 bill requires the board to align the benchmarks with federal  
2 benchmarks established for class B AAASP licensees and with  
3 benchmarks in other states with a similar regulatory framework  
4 for AAASP licensure. As a condition of license renewal, the  
5 bill requires an AAASP to submit an annual performance report  
6 demonstrating that the clinical AI service used by the AAASP  
7 continues to meet the safety benchmarks established at the  
8 time of the AAASP's previous licensure, including adverse and  
9 reportable events as defined in the bill.

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

27 The bill creates a provider-patient relationship when a  
28 licensed AAASP delivers a clinical AI service to a specific  
29 patient and the patient reasonably relies on that service for  
30 health care decision making, and such relationship gives rise  
31 to a professional duty, standard of care, confidentiality,  
32 and civil liability as otherwise provided by law. The  
33 designation of a person as a medical director does not  
34 constitute the practice of medicine with respect to individual  
35 patient encounters conducted by an AAASP. The bill limits

1 the liability for noneconomic damages for a provisional  
2 licensee who is in substantial compliance with the disclosure  
3 requirements of the bill to amounts specified in Code section  
4 147.136A (noneconomic damage awards against health care  
5 providers), unless the act or omission constitutes gross  
6 negligence, reckless disregard, or willful misconduct.

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

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

1 care or capitation models unless the payer and board jointly  
2 determine in writing that value-based care or capitation models  
3 are impractical.

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

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