To: Members of the Joint Labor, Health & Social Services Committee
From: Wyoming Hospital Association & Wyoming Medical Society
Date: June 24, 2025
Subject: Proposed Revisions to Prior Authorization Law to Address Use of Artificial Intelligence

Overview

During the 2024 Budget Session, the Wyoming Legislature enacted meaningful reforms to improve the prior authorization process, advancing patient care and reinforcing the value of Wyoming healthcare providers. The Wyoming Hospital Association (WHA) and Wyoming Medical Society (WMS) and their members supported this legislation as a positive step toward reducing unnecessary administrative burdens and preserving the patient-provider relationship.

However, given the rapidly evolving use of artificial intelligence (AI) by national health insurers, the WHA and WMS believe additional clarification of the law is necessary to ensure that AI does not undermine these important legislative gains.

The Issue

Large national insurers have increasingly employed artificial intelligence in their prior authorization and claims review processes—raising serious concerns about transparency, accountability, and fairness in medical decision-making:

- **Cigna Case (Eastern District of California)**: Cigna allegedly used an automated system to [deny over 300,000 payment requests over just two months in 2022](#), with medical reviewers reportedly spending only 1.2 seconds per claim. On March 31, 2025, a U.S. District Court allowed this class action lawsuit to proceed.

- **UnitedHealth Case (District of Minnesota)**: A separate lawsuit alleges UnitedHealth's AI tool was responsible for "arbitrary coverage denials" in its Medicare Advantage plan. [Plaintiffs claim that over 80% of prior authorization denials were overturned on appeal](#)—suggesting systemic issues in the AI-based review process. Although this case pertains to a federally regulated Medicare Advantage product, the implications for all payers and patients are troubling.

These cases reflect a growing risk: that opaque AI algorithms may be making—or influencing—life-altering healthcare decisions without adequate clinical oversight or patient recourse.

Proposed Solution

To strengthen patient protections and ensure fair medical review processes, the WHA and WMS recommends the Legislature revise **W.S. 26-55** as follows:

1. **Amend 26-55-102 to add definitions:**

    - **"Artificial Intelligence"** refers to a branch of computer science that uses data processing systems that perform functions normally associated with human intelligence, such as reasoning, learning, and self-improvement, or the capability of a device to perform functions that are normally associated with human intelligence such as reasoning, learning, and self-improvement. This definition considers machine learning to be a subset of artificial intelligence.

    - **"AI system"** is a machine-based system that can, for a given set of objectives, generate outputs such as predictions, recommendations, content (such as text, images, videos, or sounds), or other output influencing decisions made in real or virtual environments. AI Systems are designed to operate with varying levels of autonomy.

    - **"Predictive Model"** refers to the mining of historic data using algorithms and/or machine learning to identify patterns and predict outcomes that can be used to make or support the making of decisions.

    - **"AI systems program"** means the controls and processes for the responsible use of AI systems, including governance, risk management, and internal audit functions, which take into account third-party AI systems and data.

2. **Add new subsection (b) to 26-55-104:**

    "A health insurer or contracted utilization review entity shall not issue an adverse determination that results solely from the use or application of any AI system or predictive model. An adverse determination that results from the use of AI systems or predictive models shall be meaningfully reviewed by a physician or other appropriate licensed healthcare provider as described in subsection (a) of this section with authority to override the AI systems and the determinations of the AI systems".

Conclusion

As AI becomes increasingly integrated into health insurance operations, Wyoming must proactively ensure that such technologies do not erode clinical judgment or patient access to care. Codifying protection against sole reliance on AI in utilization review decisions will safeguard patients, support healthcare professionals, and reinforce the intent of the 2024 prior authorization reforms.

The WHA and WMS welcome the opportunity to work with the Committee on this issue during the interim.