

February 6, 2026

To: Sen. Khanh Pham, Co-Chair
Sen. Nancy Nathanson, Co-Chair
Members of the Joint Committee on Information
Management and Technology

From: Joshua Walterscheid MD
OR-ACEP Legislative Committee

RE: HB 4054 Transparency around the use of AI to downcode provider claims

Sen. Pham, Rep. Nathanson and members of the committee, my name is Dr. Joshua Walterschied and I'm a member of the Oregon ACEP legislative committee. I'm also a leader of an independent democratic emergency physician group in Oregon. We support HB 4054.

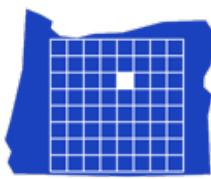
Currently, there is no transparency regarding the use of AI in downcoding by insurers. We have queried our RCM (billing) company to try to get a sense of how often AI downcoding may be happening, but we have not received any data on this practice from any of the insurers we do business with. As revenue from patient care is the core of our business, we contract with a top RCM company to ensure our charts are properly coded and submitted to the insurers. We have had 3rd party independent audits in the past which validated the accuracy of our charting, coding, and submissions to insurers. It is frustrating and unfair to

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discover downcoding could be occurring on an arbitrary basis by a computer algorithm.

Like many physician groups and hospital systems, we have been trialing AI for various workflows. One example we have currently been exploring is the use of AI scribing to create our charts. What we have found is that while the AI product is good, there are many errors and it requires careful human oversight to ensure an accurately documented patient encounter. At a minimum, insurers should be having human oversight of any AI process in their system. Insurers should not be allowed to arbitrarily downcode percentages of charts based on what they deem should be the percentage of charts at a certain code level. Each chart should be reviewed to confirm it has been properly coded and then the bill should be promptly paid for the code level merited by the chart. Each of these charts represents care for a unique human individual. They are not averages that should be arbitrarily adjusted.

Our worry is that AI downcoding is just one more method insurers will employ to try to avoid paying for services rendered. The economic effects of this behavior are very real and detrimental for independent physician groups like mine, which do not have the financial ability or political clout to fight back against these massive companies. Our hope is that you will pass this bill, which should improve transparency and help curb unfair reimbursement practices. Thank you.

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