

YES ON HB 4054

Add Transparency
to AI Practices by Health Insurers



Health care providers are being paid less for care they already provided, often without knowing why. HB 4054 requires insurers to tell providers when they use AI to downcode or underpay their claims, and to tell providers what their appeals process is.

How does downcoding happen?

Individual Claim Changes:

Higher complexity Evaluation/
Management-coded visits are reduced
to lower-level codes to reduce
reimbursement to providers

Batch Adjustments:

Insurers compare clinics to averages
and adjust multiple claims without
reviewing individual visits

What Healthcare Providers are Reporting:

- 40% of responding practices experienced automatic downcoding in the last 3 months
- Nearly 80% were not notified when claims were downcoded
- Providers report anywhere from a handful to hundreds of claims being affected
- Some practices are spending up to 40 staff hours per week tracking downcoded claims

Survey conducted January 2026

The Impact on Providers:

- Providers lose payment for care already delivered
- Appeals are difficult when claims changes are not clearly disclosed
- Practices serving higher need patients are disproportionately affected
- Staff spend a significant time tracking downcoded claims

HB 4054 does not prevent insurers from using AI
HB 4054 only requires transparency