Wisconsin Legislative Council

MINUTES

STUDY COMMITTEE ON THE USE OF ARTIFICIAL INTELLIGENCE IN HEALTH CARE

Room 411 South, State Capitol
Madison, WI
September 10, 2026
9:00 a.m. – 3:43 p.m.

CALL TO ORDER AND ROLL CALL

Chair Cabral-Guevara called the meeting to order and determined that a quorum was present.

COMMITTEE MEMBERS PRESENT:	Sen. Rachael Cabral-Guevara, Chair; Sen. Sarah Keyeski; Rep. Mike Bare; and Public Members Polly Anderson, Phillip Blair, Dr. Justin Boge, Glenn Martin Fung, Matthew Harris, David Hoffert, Frank Liao, Krister Mattson, Madeline Nevermann, Julie Pawola, and Erin Skold.
COMMITTEE MEMBERS EXCUSED:	Rep. Adam Neylon, Vice Chair, and Public Member Dr. Mark Huth.
COUNCIL STAFF PRESENT:	Margit Kelley, Principal Attorney; and Emily Hicks and Patrick Ward, Senior Staff Attorneys.
APPEARANCES:	Dr. Shawn Griffin, President and CEO, URAC; Anne Treankler, Chief Analytics and Strategy Officer, Delta Dental of Wisconsin; Ryan Peterson, VP of IT, Analytics and Development, The Alliance; Sara Muhlbauer, CEO, Lakeland Care, Inc., Dr. Erick Tarula, Associate Professor of Neurology, School of Medicine and Public Health, University of Wisconsin (UW)-Madison; Dr. John Hayes, Associate Professor, Department of Family and Community Medicine, Medical College of Wisconsin; Erica Neilitz, MSN, RN, CNE®cl, Nursing Simulation Coordinator, School of Health and Human Services, Nicolet College; Nathan Houdek, Commissioner of Insurance; Sarah Smith, Director of Public Affairs; Coral Manning, Policy Initiatives Advisor; and Libby Boer, Attorney, Office of the Commissioner of Insurance (OCI); Dr. C. Vaile Wright, Senior Director for Health Care Innovation, American Psychological Association (APA) (via videoconference); Zachary Boyd, Director, Office of Artificial Intelligence Policy, Utah Department of Commerce (via videoconference); and Tina Olson Grande, President and CEO, Healthcare Trust Institute.

PRESENTATION ON HEALTH CARE ARTIFICIAL INTELLIGENCE ACCREDITATION BY DR. SHAWN GRIFFIN, PRESIDENT AND CEO, URAC

Dr. Griffin presented on the role of accreditation in supporting safe and transparent artificial intelligence (AI) in health care. Dr. Griffin began his presentation by describing URAC, URAC's

accreditation process, and the benefits of accreditation. Dr. Griffin then explained why there is a need for an AI accreditation process and provided an overview of the two AI accreditation pathways offered by URAC: one for health care AI users and one for health care AI developers. In discussing the benefits of AI accreditation, Dr. Griffin noted that URAC's AI accreditation process was built to address the trust issues that arise with the use of AI in health care and that there is a need for guardrails on the development and use of AI technology. Dr. Griffin also provided a brief overview of legal developments regarding AI at the state and federal level.

Following the presentation, committee members posed questions to Dr. Griffin regarding the applicability of federal laws to certain AI use cases, including the compatibility of AI with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the U.S. Food and Drug Administration's (FDA's) regulations related to software as a medical device. Additionally, members asked for Dr. Griffin's recommendations regarding how the state should act in the context of potential federal regulation and developers that are motivated to provide health care tools. Dr. Griffin noted that accreditation requirements in state law would survive federal preemption and that the state should address constituent concerns, consider requiring the accreditation of AI tools in state government contracting, and consider other guardrails for the use of AI in health care, such as empowering trusted actors in the state to act more quickly than legislation.

PRESENTATIONS BY INSURERS AND OTHER HEALTH CARE COVERAGE PAYERS

Anne Treankler, Chief Analytics and Strategy Officer, Delta Dental of Wisconsin

Ms. Treankler's presentation provided an overview from an insurer's perspective on AI governance strategies and use in claims utilization management, and provided recommendations for core legislative principles. Ms. Treankler noted that, although it is not a new responsibility, under HIPAA, the most important goal for an AI governance policy is to protect sensitive data and health information. Ms. Treankler stated that Delta Dental of Wisconsin has two AI policies that share a common goal: to protect sensitive data, review every output before it is used, and retain human accountability for AI-assisted decisions. One policy governs the use of generative AI in business tools for everyday work and the other governs the use of nongenerative AI for operation in predictive models, decision support systems, and tools embedded in core business processes. Ms. Treankler briefly described the Delta Dental of Wisconsin's use of AI as a screening tool to identify claims that may require additional clinical review and stated that no claims are denied by AI.

Ms. Treankler recommended a number of core legislative principles for the committee's consideration, including endorsing human accountability for final health care coverage decisions, prioritizing a governance framework for the use of AI in health care, promoting reasonable transparency and disclosure when using AI, and promoting fair and responsible AI use that is flexible and adaptable as the technology landscape changes. Ms. Treankler also encouraged the committee to consider regulations that reflect the breadth of insurance systems that are already largely automated and to consider consistency and coordination across state and federal regulatory environments when drafting regulatory legislation.

Ryan Peterson, VP of IT, Analytics and Development, The Alliance

Mr. Peterson presented on the AI experiences of The Alliance, a self-funded employers' cooperative. Mr. Peterson described the organization's role as a bridge between self-funded employers and providers, including their services in providing advanced analytics for self-funded employers. He noted that the organization's data handling is covered by HIPAA, which provides a framework, but that The Alliance could use more clarity on how health data is accessed, used, and retained in AI systems. Mr. Peterson recommended that the committee consider a practical disclosure framework for AI companies that

requires disclosure when AI is materially accessing, using, or storing HIPAA-governed data; that allows employers to audit the use of that data by AI; and that scales for unpredictable and higher-stakes AI outputs.

Sara Muhlbauer, CEO, Lakeland Care, Inc.

Ms. Muhlbauer presented on the responsible use of AI in Medicaid managed long-term care. She noted that AI readiness follows the same principles of data readiness, including the need for trusted sources, clear ownership, defined governance, and human review. Ms. Muhlbauer described her organization's experiences with AI, which started with a low-risk operational pilot to support staffing workflows, claims routing, and file monitoring, in addition to other tasks. Ms. Muhlbauer identified three "buckets" of AI utilization, including low-risk automation, human-in-the-loop support, and cases where human judgment is required. Overall, Ms. Muhlbauer recommended policies that, by focusing on risk tiers, practical implementation support, clear accountability, and proportionate safe harbors, protect people without pricing out responsible innovation.

Question and Answer Session

The presentations from Ms. Treankler, Mr. Peterson, and Ms. Muhlbauer concluded with a brief question and answer session with committee members. The members and presenters discussed a number of issues, including whether cost savings will be realized when AI uses are more fully implemented; the expected effect of efficient claims processing and benefits for internal business operations; whether legislation would add administrative burdens; the importance of keeping a human in any patient care decisions; the difference in value in disclosing AI use for generative, probabilistic outcomes versus rule-based, deterministic outcomes; and the issues relating to data ownership and responsibility.

PRESENTATIONS BY HEALTH CARE PRACTITIONER EDUCATORS

Dr. Erick Tarula, Associate Professor of Neurology, School of Medicine and Public Health, UW-Madison

To begin his presentation, Dr. Tarula noted that medical education starts with building core knowledge, clinical reasoning, and early patient-care skills in medical school, and continues throughout a physician's career, requiring a commitment to lifelong learning in order to update knowledge and skills as evidence and technology change. Dr. Tarula noted that AI can undermine physician competence through deskilling, when a physician loses competence in a skill that they used to have; never-skilling, when a physician never has competence in a skill at all; and miss-skilling, when a physician is confident but performs a skill in a manner that is subpar. Dr. Tarula stated that the goal in training new physicians to use AI is not proficiency, but rather to ensure trustworthy clinical judgment. Dr. Tarula noted that national guidance on AI competencies for medical practice is emerging, but that key pedagogical questions remain. Dr. Tarula stated that future physicians must be able to demonstrate both independent competence and AI-augmented competence. Dr. Tarula recommended the committee take the following actions: (1) require AI-specific continuing education for practitioners; (2) include competence verification in any human-in-the-loop standard that the committee may recommend; and (3) require demographic validation and transparency for AI tools in state-funded health programs.

Dr. John Hayes, Associate Professor, Department of Family and Community Medicine, Medical College of Wisconsin

Dr. Hayes began his presentation by noting that the AI tool OpenEvidence currently passes the U.S. Medical Licensing Exam in 100 percent of attempts and that newer ChatGPT generations are starting to approach a 97 percent pass rate. He noted, however, that according to studies, AI cannot replace

physicians' diagnostic and therapeutic accuracy. Dr. Hayes also noted that in other studies, doctors paired with AI performed better than those with traditional resources and were significantly more empathetic when responding to patients. Dr. Hayes stated that the Medical College of Wisconsin has developed an AI code of conduct that addresses the following: (1) patient privacy is first, and AI tools may be used only in ways that protect all personal health information; (2) accuracy supersedes convenience, and AI-generated information must be verified against trusted medical sources and clinical judgment; (3) transparency and attribution must be provided, and it is necessary to disclose when AI is used to generate educational content, feedback, or decisions; and (4) an AI "disclaimer" is not allowed for a person's work, as the person is ultimately responsible for checking the facts and reading the work. Dr. Hayes briefly described some AI-enabled uses for training and testing students.

Dr. Hayes stated that he agrees with Dr. Tarula's recommendations, and he added that the state should avoid restricting medical education to the use of outdated tools, should support secure enterprise access for health care systems (including small and rural systems), and should ensure evaluations of AI that tie pilots to outcomes on learning, safety, access, workload, and patient trust.

Erica Neilitz, MSN, RN, CNE®cl, Nursing Simulation Coordinator, School of Health and Human Services, Nicolet College

Ms. Neilitz's presentation discussed how AI may be used as a teaching and learning tool in preparing nurses for AI-enabled practice. Ms. Neilitz began by noting that it is important to prepare nurses to use AI without surrendering the clinical judgment that makes them professionals and that the question of how to accomplish this remains a central one for nurse educators. She stated that technology changes, but the responsibility to question, evaluate, verify, decide, and remain accountable does not. Ms. Neilitz provided a number of examples of AI tools being used to support role-playing exercises, including in the design of patients, cues, and objectives by educators; in the assessment, communication, and following of patient cues by students; in the use of AI patients that respond conversationally in real time; and in the use of tools to examine gaps, assumptions, and biases in a debrief after the completion of a role-play exercise. Ms. Neilitz asked the committee to consider policies that prepare the workforce; protect professional judgment; keep nurses at the table in AI design, implementation, evaluation, and governance; and promote AI that strengthens and supports safe patient care.

Question and Answer Session

The presentations from Dr. Tarula, Dr. Hayes, and Ms. Neilitz concluded with a brief question and answer session with committee members. The members and presenters discussed a number of issues, including the value of continuing education on AI for all health care practitioner fields; the benefit of using AI augmentation to reduce medical error rates; the risks of AI bias and deskilling; the benefits of using AI to collate massive amounts of data; the importance of training practitioners on medical reasoning and patient empathy; current pathways for practitioners to override automated alerts and various physical scan results; and consent and retention policies for ambient recording.

PRESENTATION BY NATHAN HOUDEK, COMMISSIONER OF INSURANCE; SARAH SMITH, DIRECTOR OF PUBLIC AFFAIRS; CORAL MANNING, POLICY INITIATIVES ADVISOR; AND LIBBY BOER, ATTORNEY, OCI

In their presentation, Mr. Houdek, Ms. Smith, Ms. Manning, and Ms. Boer briefly described OCI's primary role in providing consumer protection and the agency's limited role in overseeing individual and small-group market health insurance policies. The presenters also noted other entities that provide health care coverage regulation for Medicare and Medicaid coverage, as well as private employers' self-funded plans. Mr. Houdek, Ms. Smith, Ms. Manning, and Ms. Boer discussed two AI-related efforts by the National Association of Insurance Commissioners (NAIC), an organization that allows state

insurance regulators to set industry standards for effective regulation. The first NAIC AI-related effort was a model bulletin, adopted by Wisconsin and 24 other states, to establish uniform expectations for responsible AI governance across the insurance industry. The presenters then described NAIC's second effort as a current "risk evaluation supplement" pilot in 12 states, including Wisconsin, that will help regulators understand how insurers are using AI, assess whether AI governance may be effective in managing potential risks, review AI systems, promote transparency, and identify where additional oversight, training, or improvements may be needed. The presenters concluded by recommending that any state regulations avoid inconsistency among states and consider forthcoming NAIC model acts and updates on privacy protections, cybersecurity, and third-party data vendors.

In response to questions from committee members, the presenters noted the following: (1) that Colorado has actively worked on AI insurance laws, with some pros and cons in the state's approach; (2) that Wisconsin has proper authority to require compliance with insurance laws and regulations, including requiring the compliant use of AI tools, although there have been some challenges to that authority; (3) that there is a lack of current consensus among states regarding health insurance AI laws; and (4) that, in Wisconsin, the use of AI in making a prior authorization determination is allowed as long as there is no violation of current law.

PRESENTATION BY DR. C. VAILE WRIGHT, SENIOR DIRECTOR FOR HEALTH CARE INNOVATION, APA

Dr. Wright began her presentation on the use of AI in mental health care by noting some statistics on the extent of the mental health crisis in the United States. She noted that one in five adults who need help do not seek it, due to high costs, lack of accessibility, and stigma, but noted that smartphones and AI are now commonly being used for emotional support. Dr. Wright described the different types of conversational chatbots, including medical devices that would be, but are not yet, approved by the FDA; unregulated consumer wellness chatbots that range from being grounded in evidence-based theories to some that are less transparent; and unregulated chatbots that do not claim to be developed for mental health care, but are used by individuals for therapy or companionship. Dr. Wright noted some positive use cases for purpose-built AI and general-purpose AI, but also identified a number of concerns in AI design.

Dr. Wright made the following recommendations for policy makers: modernize existing regulations; create nuanced, evidence-based standards; require transparency guidelines; enact clear legislation; mandate "safe-by-default" settings; mandate age-appropriate design and predeployment testing; strengthen requirements around premarket evidence and postmarket monitoring; develop guidelines for generative AI and digital literacy education; and fund rigorous and independent research. Dr. Wright noted that APA is in the process of developing sample legislation to prohibit the promotion or provision of mental and behavioral health services without an appropriate professional license. Dr. Wright identified further considerations for AI legislation, such as restricting advertising, minimizing addictive coding tactics, establishing enforcement provisions, requiring audits of AI tools used in health care, and creating self-reporting requirements for AI tools used in health care.

In response to questions from committee members, Dr. Wright discussed the focus of regulations on misrepresentations of professional licensure; the APA Labs Digital Badge Program to identify digital mental and behavioral health tools that have been meaningfully evaluated; the importance of strong AI governance regulations for issues such as AI drift and misrepresentations; and the status of the APA model bill.

PRESENTATION BY ZACHARY BOYD, DIRECTOR, OFFICE OF ARTIFICIAL INTELLIGENCE POLICY, UTAH DEPARTMENT OF COMMERCE

Mr. Boyd began his presentation by describing Utah's approach to AI regulation in the Office of Artificial Intelligence Policy, which is an office within an executive branch agency in Utah. He noted that having a dedicated office with full-time staff has allowed the office to be effective and described the office's three priorities, which are to protect the public, foster innovation, and observe and learn. Mr. Boyd stated that the office runs two programs, a policy development program and a sandbox program, and briefly detailed the work the office has done in the policy development program.

Then, Mr. Boyd described in greater detail the sandbox program, including the purpose of the sandbox approach, the reasons why a company may apply to the sandbox program, and the application process that results in an agreement that provides regulatory mitigation under certain conditions. He noted that regulatory mitigation, which lasts for 12 months and may be renewed for two additional 12-month periods, is typically requested when there may be regulatory ambiguity or when the applicant has a beneficial use of AI that is currently blocked by regulation. Mr. Boyd described some of the health care use cases that have been approved by the office and discussed the types of recent applications the office has received, as well as the office's approach to considering these applications, including use cases that employ agentic AI technology.

Mr. Boyd also detailed possible areas where future legislation may be needed in Utah. First, professional licensure and professional responsibility laws may need to be changed to account for clinicians utilizing agentic AI tools. Second, regulations regarding telehealth and medical facilities may need to be changed to account for the delivery of fully autonomous care in specific situations. Third, liability laws may need to be updated to shift some liability away from health care providers and onto the AI tool providers. Mr. Boyd also noted that while the FDA will have a role with respect to some of these AI tools, the state's role is still necessary in regulating the use of the tools in the real world context as they are integrated into the practice of medicine.

Finally, Mr. Boyd noted that the sandbox program has received attention from both hospitals and start-ups because it offers a viable model to get regulation in this area right, including offering opportunities for regulators to learn and to refine governance methods.

In response to questions from committee members, Mr. Boyd noted the following: (1) that the office does not recommend any specific product to potential customers of a pilot AI tool and further discussed the role of the office among stakeholders; (2) that the public sandbox process teaches regulators about these technologies, provides visibility into potential future uses of AI tools, includes a third-party review of potential pilot projects by industry experts, requires data sharing agreements with sandbox program participants, and encourages participation by other stakeholders; (3) that the office is required to report to the Utah Legislature and has meetings with interested legislators; (4) that the office is developing standardized materials for applicants and the public, such as an evidentiary standard and a governance framework that could ultimately become part of legislation some day; and (5) that other states can borrow from the work that Utah is doing, but that a particular state might have state-specific reasons to have its own approach to a sandbox program.

Mr. Boyd also discussed the experience of the office with Utah's state medical board and other existing stakeholders when considering regulatory mitigation; the relationship of the sandbox program with potential FDA regulatory decisions; the resources required to run a sandbox program and strategies to be more efficient and to scale to approve more pilot programs; and the choices available at the end of a pilot program. In response to a question about whether values are considered in the application process, Mr. Boyd noted that it is a highly value-driven process, with an emphasis on safety, access,

cost, and freedom. Finally, Mr. Boyd discussed the screening process for potential applicants and how rejections of proposals or potential proposals occur.

PRESENTATION BY TINA OLSON GRANDE, PRESIDENT AND CEO, HEALTHCARE TRUST INSTITUTE

Ms. Grande began her presentation by noting that every use of AI in health care should be built on trust and identified the following guiding principles for building trust: transparency, accountability, fairness, and privacy. Ms. Grande stated that AI is transforming care by creating sharper images, safer treatment plans, fewer medication errors, proactive outreach, faster scheduling and claims answers, and faster plain-language help. Ms. Grande noted that using AI does not in itself make an application high-risk and suggested that guardrails should match what is at stake in the outcome of each use case. Ms. Grande identified the following four key areas for responsible AI deployment: (1) privacy and security, including privacy by design, data minimization requirements, and strong cybersecurity controls; (2) data quality, in order to provide data that is reliable, representative, and complete; (3) ongoing monitoring to watch for bias, model drift, and hallucinations after deployment; and (4) governance and transparency, including clear oversight and upfront disclosure when patients interact with AI.

Ms. Grande proposed six key points to consider in developing legislation, as follows: (1) "scope," to focus on high-risk uses, rather than the everyday uses of AI that have worked safely for years; (2) "meaningful disclosure," to require upfront disclosure that a patient-facing tool is employing AI; (3) "impact assessments," to specify that compliance with a recognized framework (like the National Institute of Standards and Technology's AI Risk Management Framework) satisfies an assessment requirement; (4) "meaningful enforcement," by state attorneys general, with a chance to cure violations, and excluding a private right of action; (5) forego AI "consent and opt-out," as obtaining patient-by-patient consent when using AI and providing an opt-out from each use of AI is impractical, operationally difficult, costly, and would require patient expertise on the value of AI in each use case; and (6) "consistent definitions," for shared definitions across states to ease compliance and reduce conflicting requirements.

In response to questions from committee members, Ms. Grande stated that the Future of Privacy Forum may be a useful resource for comparing AI-related definitions and the Sequoia Project model legislation may be a useful guide for standardizing privacy and consent approaches. In response to a question on how the study committee can contribute on the issue of AI health care regulations, Ms. Grande noted that a general data privacy law would be a foundational starting point.

DESCRIPTION OF DISTRIBUTED MATERIALS BY LEGISLATIVE COUNCIL STAFF

Emily Hicks, Senior Staff Attorney, briefly described material provided in Legislative Council, *Overview of "Sandbox" Models; Wisconsin Bills Relating to Consumer Data Privacy and Artificial Intelligence; and Other States' Definitions of "Artificial Intelligence,"* Memo No. 1 (Sept. 2026), relating to "sandbox" models; Wisconsin bills relating to consumer data privacy and AI; and an National Conference of State Legislatures's resource that lists other states' definitions of "artificial intelligence." Ms. Kelley and Chair Cabral-Guevara responded to a question from Mr. Harris about how to approach the Wisconsin bills listed in Memo No. 1 by noting that the bills can be viewed as potential starting points for the committee's discussions on those topics.

COMMITTEE DISCUSSION

Chair Cabral-Guevara asked members to submit to the Legislative Council staff their thoughts on priorities for developing legislation or on topics they would like to explore further. Chair Cabral-

Guevara stated that in order to develop requests for preliminary draft legislation, the committee's next meeting on October 1, 2026, will be a workshop on members' priorities.

ADJOURNMENT

The meeting adjourned at 3:43 p.m.

MSK:PW:kp