HOUSE HEALTH COMMITTEE AND COMMUNICATIONS & TECHNOLOGY COMMITTEE

INFORMATIONAL MEETING

Tuesday, February 24th, 2026

9:30am

60 East Wing

Harrisburg, PA

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1. Call to Order

2. **Panel 1:**

   Hannah Neprash
   McKnight Presidential Fellow, Division of Health Policy and Management, University of Minnesota School of Public Health

   Paige Nong
   Assistant Professor, Division of Health Policy & Management, University of Minnesota School of Public Health

   Peter Lazes
   Professor and Co-Coordinator, Healthcare Labor-Management Partnership Initiative, Pennsylvania State University

   Panel 2:

   Julie McDowell
   Vice President, AI Center of Excellence, Enterprise Analytics, Highmark Health

   Michael Yantis
   Vice President, State Government Affairs, Highmark Health

   Jonathan Greer
   Insurance Federation of Pennsylvania

   Dr. Srinath Adusumalli
   Vice President and Chief Health Information Officer, University of Pennsylvania Health System

   Dr. Robert Krujlitis
   Executive Vice President and Chief Clinical Officer, Guthrie

3. Any other business that may come before the committee.

4. Adjournment

Artificial Intelligence (AI) and Health Care Spending

February 3, 2026

Hannah Neprash, PhD

SCHOOL OF PUBLIC HEALTH
UNIVERSITY OF MINNESOTA

Terminology

Predictive AI in healthcare analyzes data and predicts outcomes of interest (e.g., presence of disease, likelihood of readmission).

Generative AI produces new content (e.g., drafting a clinic note).

Health care spending for different constituencies (i.e., patients, insurers, taxpayers)

High-value care maximizes the health benefit for patients, relative to the cost.

How AI might decrease spending

- By simplifying administrative tasks

  Example: call center automation

  Example: prior authorization

- By reducing burnout-driven clinician turnover

  Example: AI-enabled documentation tools

- By accelerating diagnosis and preventing disease progression

  Example: coronary artery disease algorithms

How AI might increase spending

- By expanding the treated population

  Example: diabetic retinopathy screening

- By identifying clinically insignificant findings

  Example: re-analyzing old images

- By adding more billable codes to fee-for-service medicine

  Example: expanding reimbursement for diagnostic AI

- By facilitating higher-intensity coding

  Example: ambient scribes

What does the evidence say?

- Historically, new technology tends to increase (rather than decrease) health care spending.

- *High-quality* evidence specific to AI is limited and paints a mixed picture:
  - Spending increases after adoption of AI-enabled coronary artery disease algorithms…but adverse events decrease.[1]
  - Billed RVUs increase after adoption of ambient scribes, but documentation burden modestly decreases.[2]

1. Zink A, Chernew ME, Neprash HT. Practices Pattern Changes After Adoption of Diagnostic Artificial Intelligence. *Health Affairs*. Forthcoming in 2026;45(2)

2. Holmgren AJ, Fenton CL, Thombley R, et al. Ambient Artificial Intelligence Scribes and Physician Financial Productivity. *JAMA Netw Open.* 2026;9(1):e2553233.

Questions to help assess the value of AI

- Who bears the cost of the AI tool?
- Who is setting the price (and based on what)?
- Are there multiple developers providing similar tools (i.e., is there competition)?
- How does the tool perform in the real world (i.e., outside of a clinical trial or developer evaluation)?

The state of AI in healthcare and implications for quality

February 3, 2026

Paige Nong, PhD

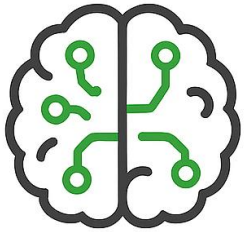
SCHOOL OF PUBLIC HEALTH
UNIVERSITY OF MINNESOTA

Availability

Evidence

PREDICTIVE

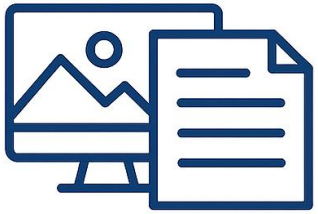
identifies a historical pattern and applies it to current data



Early detection of sepsis

GENERATIVE

produces new text, images



Clinical documentation automation
(ambient scribes)

Digital divide in AI use

In 2024, 71% of hospitals used predictive AI

31.5% used generative AI

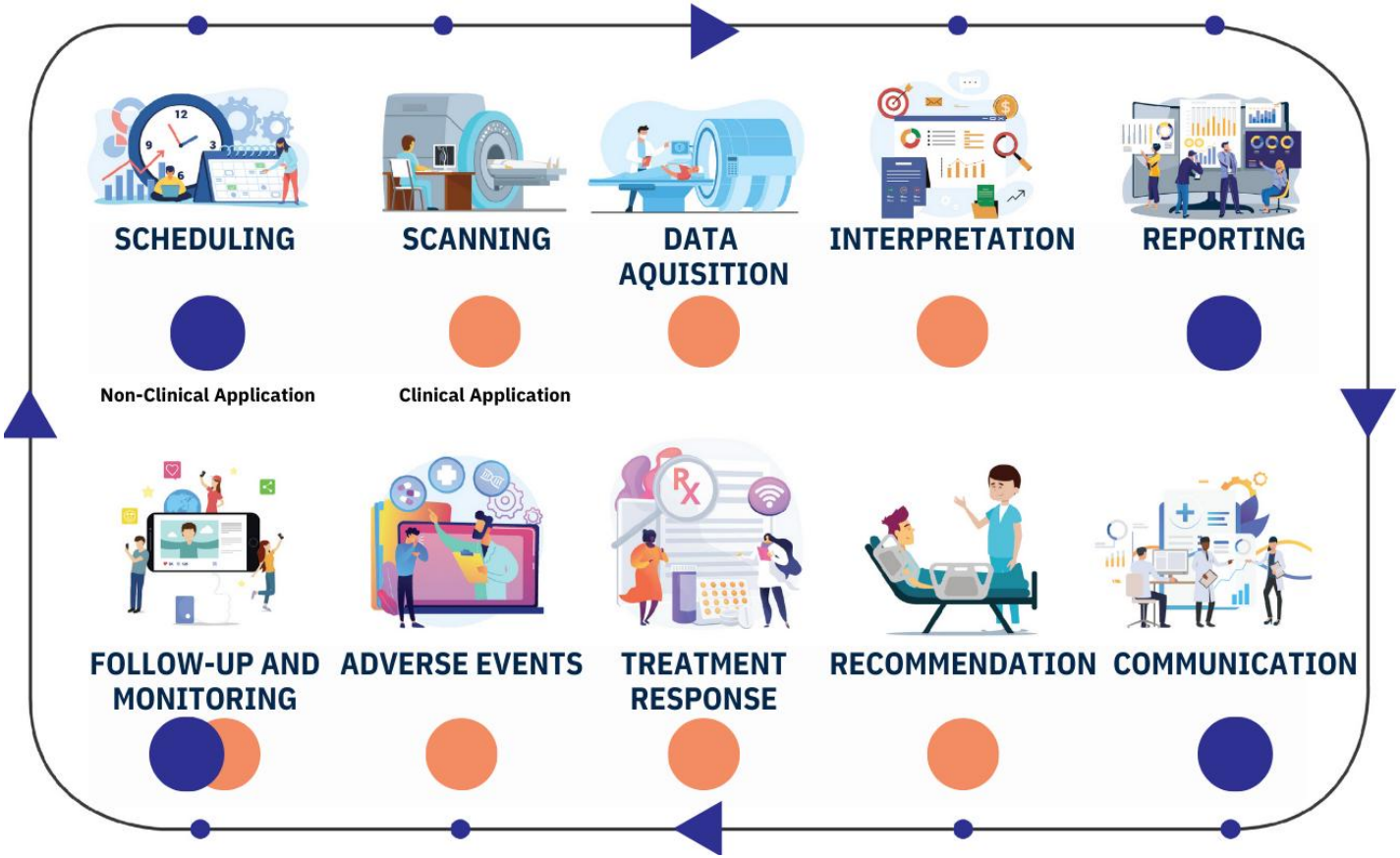
Digital divide in AI use

In 2024, 71% of hospitals used predictive AI

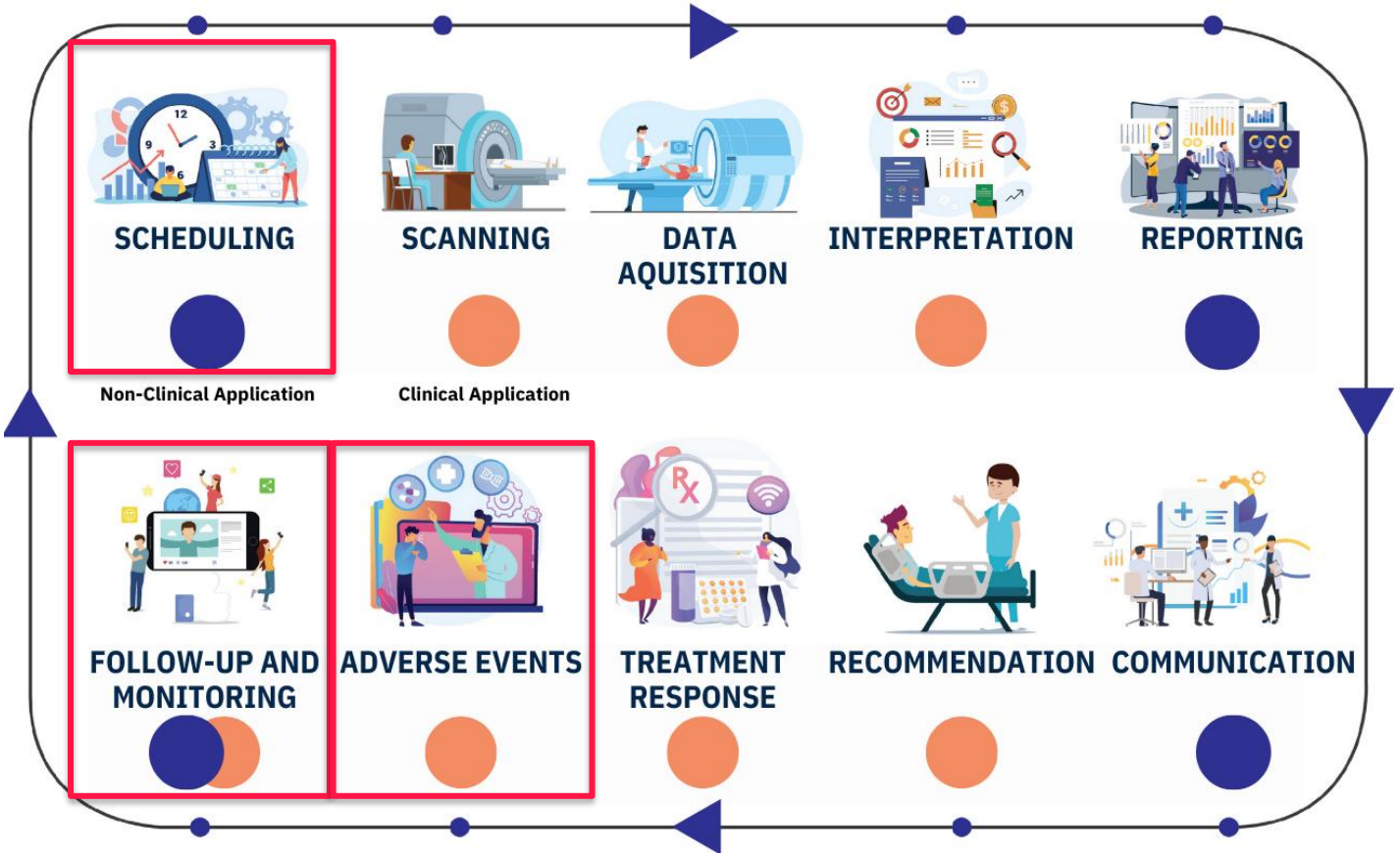
31.5% used generative AI

+ System members
+ Higher operating margins
- Rural hospitals
- Critical access hospitals

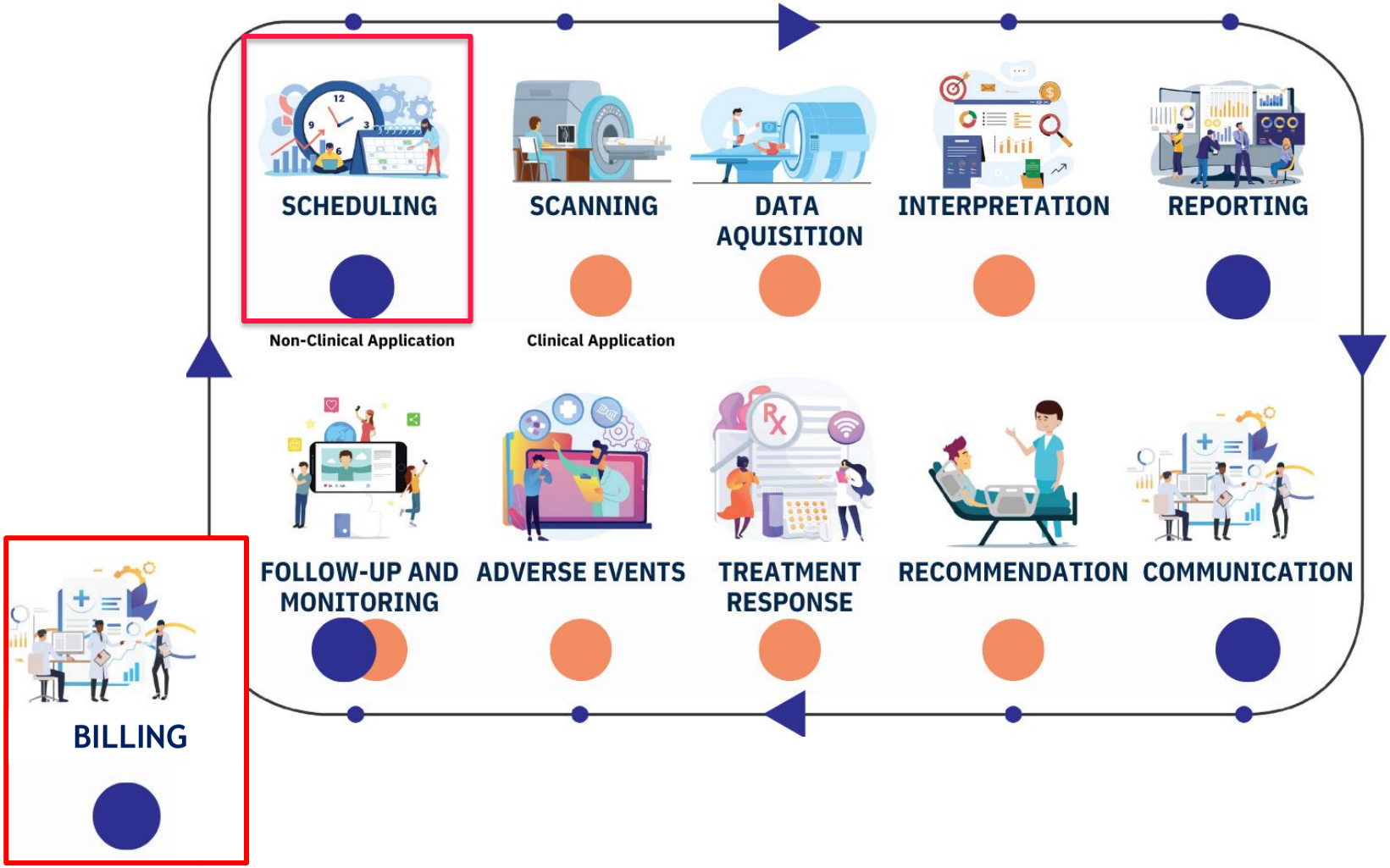
How are they using AI?



How are they using AI?

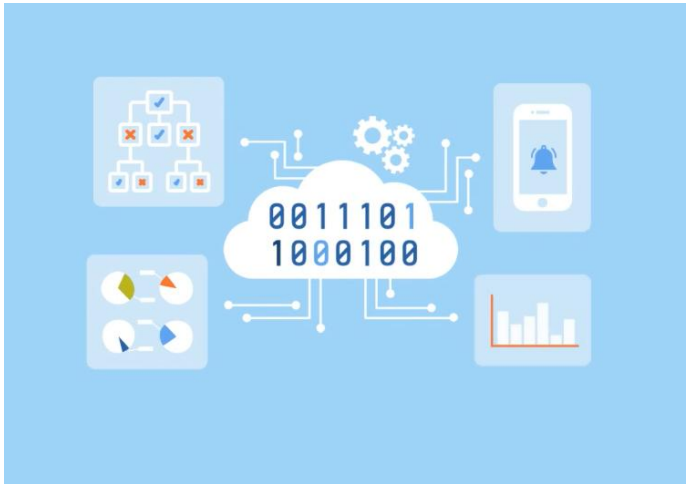


How is this changing?



What are the implications?

- **Clinical**
  - Identifying risk factors
  - Supporting diagnosis
  - Medical liability concerns
  - Quality varies
  - Performance differences



- **Administrative**
  - Reduce cognitive burden for documentation
  - Reduce payment friction (?)
  - Quality varies
  - Performance differences: missed appointments

Why quality is a challenge

- Low capacity with a digital divide
  - 57% of the hospitals using AI were evaluating it
- Limited guidelines
  - “We need some guardrails. Any information would help”
- Lack of transparency
  - What does the model do? How was it built?
- Access to expertise
  - “We don’t have an ethicist available. We don’t have a data scientist”

Takeaways

- Hospitals are using AI but…
  - Sometimes evaluating it
  - Digital divide for rural hospitals, those with lower operating margins
  - Administrative uses present a puzzle

→ Technical capacity expansion

→ Clarity on best practices

→ Access to key information

Testimony to the Health and Communication and Technology Committees of the Pennsylvania House – February 3, 2026

Dr. Peter Lazes, Affiliate Professor and Co-Coordinator, Healthcare Labor-Management Partnership Initiative, School of Labor and Employment Relations, Penn State University

Former, Founder and Director, Healthcare Transformation Project, Cornell University School of Industrial and Labor Relations

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Background Information

Thank you for inviting me to share with you some observations, research, and work that I have done over the years related to how AI tools are impacting frontline staff.

Just a few details about my background . My work as a clinical and industrial psychologist has included teaching at various universities and medical schools, and extensive consulting work with manufacturing and healthcare organizations. I have had a direct role in working with labor and management leaders to create structures so that the advice and knowledge of frontline staff is used with management leaders to improve the productivity and effectiveness of organizations. The collaboration of union and management leaders and frontline staff results in improving work processes and effective use of various technologies. Upwards of 30 % improvement in services and reducing operating costs over 25% has been achieved by having frontline staff working with management. Unlike other academics, the major focus of my work is “in the trenches” as a consultant and a researcher to union and management leaders.

The accelerated use of Artificial Intelligence and how it is impacting healthcare staff and patients has now become an important concern of mine. I am here today to share with you some observations and recommendations. I hope that my remarks will help you shape future legislation. I feel what I have to share with you complements the eight initiatives of your governor concerning generative AI, issued on March 21, 2025, and the creation of the Generative AI Labor and Management Collaborative Group.

Why Understanding the Landscape Impacting AI in Healthcare is Important

To understand how frontline healthcare staff feel and are impacted by AI tools, I think it useful to understand the way AI healthcare tools are being used and how they are developed and implemented.

How is AI Being Developed and Implemented
Its Impact on Frontline Staff, and Best Practices

AI is, as you know is expanding by the day. In 2025 healthcare systems spent $ 475 million on ambient scribes and $ 400 million on AI powered coding and billing. Investing in using AI in healthcare organizations is estimated to continue to increase significantly in the next decade.

AI tools being used in healthcare organizations are developed by AI companies with limited or no involvement of frontline staff. This process was used to implement electronic medical records (EHRs) in medical facilities. The lack of opportunities for frontline staff involved resulted in causing doctors and nurses to spend a significant amount of time inputting information into EHRs which could have been avoided. These clinicians are most knowledgeable about their and patient problems. Despite the research findings at Carnegie Mellon and MIT, senior managers and AI venders have continued the same practice to implement AI tools. As Jodi Forlizzi, Director of Human-Computer Interaction Institute and a lead faculty member for Responsible AI Initiatives at the Block Center of Technology and Society, stated a few years ago at a Senate hearing on AI Innovation, “the strategies and methodologies that enhance worker engagement in the development of new technologies can contribute to ensuring that the U.S. remains a leader in adoption of AI innovation.” She and others at Carnegie Mellon and MIT document that without the involvement of frontline staff in developing and implementing AI and other technologies, these technologies are not effectively used and in many cases rejected by frontline staff.

AI venders are the ones who develop AI toots. These tools are not focused on the daily challenges faced by the providers such as short staffing, burnout and morale injury of

healthcare providers or greater access to primary care practitioners and specialists for patients. Instead, AI tools are being developed to deal with the issues faced by payers and employers which are, for most part, focused on financial issues, surely important but won't improve care to patients or working conditions of staff. Decisions to purchase AI tools are made by the C-suite and IT staff. For the most part, these managers are not involved in actual operations or deliver care. So, even with the best intentions, AI tools don't address the problems of clinicians and patients.

Although the literature of AI companies state that the goals of AI tools are a means to "improve care," these companies, for the most part, don't make use of evidence-based practices to create and implement AI tools identified by Jodi Forlizzi and others. These researchers document that what is needed to optimize the use of AI tools is what is referred to as co-generative process; a process that involves frontline staff (e.g., end users) to identify problems where AI can help resolve such issues, and then enlist them in developing and implementing AI tools.

Concerns of Patients and Frontline Staff

75 % of adults feel that healthcare providers will adopt A too fast.
60% of adults are uncomfortable with AI used in healthcare.

Recently, even the American Medical Association, on October .21, 2025, launched a Center for Digital Health and AI to address how AI tools are being implemented. "The association hopes it will 'put physicians at the center of shaping, guiding, and implementing technologies transforming medicine." comments their Chief Medical Information Officer and Vice President of Digital Health Innovations. She goes on and expresses a deeper concern, "that physicians must be full partners throughout the AI lifecycle, from design and governance to integration and oversight, to ensure tools are clinically valid, ethically sound, and aligned with the standard of care and integrity of the patient physician relationship."

Union healthcare leaders and frontline staff in the AFL-CIO, AFT, AFSCME, Doctors Council, the National Nurses United, SEIU, Steelworkers, the Union for American Physician

and Dentist, also see the need to be part of processes to safeguard its use, to identify issues where AI can be helpful, and then participate in designing, implementing, and then spreading their use.

Examples of Using AI

MyChart is an generative AI tool being used in several health centers and hospitals such U.C. San Diego Health, U.W. Health in Wisconsin, UNC Health, and Stanford Health Care primary care practice to respond to questions from patients. MyChart has been marketed by AI companies "to save time for practitioners so they can spend more time talking to patients." Yet, responses to patients' questions using this AI tool are often inaccurate resulting in doctors spending more time correcting mistakes. These AI tools have not resulted in saving time for doctors or better patient outcomes. Patients, to a large extent, hate this AI tool since it is clear to many of them that their primary care practitioner didn't write back to them but this was done instead by an AI tool. Even in those locations where physicians find using MyChart to be helpful, instead of allowing for more time with each patient, which would be helpful, they are told they need to see more patients. Other uses of AI includes patient scribes for doctors and nurses (e.g. taking notes for them during a patient consultation). Here again, since the development of these tools has not involved frontline staff and they have not been part of the process to identify issues that would reduce their burnout or morale injury. Doctors and nurses don't see much benefit using this AI tool. Another AI tool that is being used at USC Care Medical Center is shift-to-shift notes for nurses so that incoming shifts of nurses are made aware of the status of each patient from the prior shift. Although this AI tool might seem helpful, its primary purpose is to reduce nursing hours; that is nurses are no longer paid for the time usually scheduled from them to share information with the next shift. Similar to issues of MyChart, the use of this tool results in nurses needing to spend time away from patient care to add to and correct AI shift-to-shift notes.

Although the trend in healthcare organizations is away from problem-centered/co-generative approach to create and use AI tools, there are some examples of the importance of this approach. On a regular basis, doctors at the University of

California's San Francisco medical center are being freed up to identify and developed AI tools instead of relying on AI companies to identify problem areas. In LA, an union representing doctors has recently started a project to look at how to use AI tools to deal with issues causing burnout and help with retaining staff, which are significant problems.

Feedback and Actions of Frontline Staff

As stated earlier, to a large extent the use of such AI tools as MyChart, shift-to-shift notes, and scribes results in doctors and nurses spending significant time correcting errors in patient's electronic medical record rather than delivery care to patients Also, since many senior managers are not sharing information with frontline staff about what AI tools are being consider until a decision is made to implement such tools there is natural tendency for frontline staff to just resist such changes since creating changes has not involved them and particularly since they don't see the relevance to them . For doctors and nurses there is also the fear of losing their autonomy to make decisions. These factors have led to three basic strategies of frontline healthcare staff preparing for and dealing with AI.

To large extent, frontline staff, particularly in non-union healthcare organizations, feel the best way to respond to being forced to use AI tools is just to wait and see what management decides to do and then find ways to adjust to these changes by creating "work arounds" to cope with changes.

A second strategy, which is occurring with several unions representing healthcare workers, particularly nurses, is to use collective bargaining language to create various ways to block the use of any or all uses of AI (e.g., establishing guardrails) hoping that this will stop the use of AI.

A third approach is a multi-pronged strategy. It creates guardrails to make sure AI is used in ways that doesn't result in loss of jobs, the rights of patient privacy, and the autonomy of clinicians. This approach also includes creating a co-generative process with frontline and IT staff to identify problems where AI tools might be helpful to improve working conditions of staff and better patient care and then establishes a collaborative

process to develop appropriate AI tools with management and IT staff. This third approach also includes creating state and federal laws and policies, similar to what your governor has done, to encourage labor and management to work together to create a co-generative process for using AI.

So Where Does This Leave US?

The real question is not " Will AI be useful? The real question is "who decides where and how it is used, and who benefits?"

AI is becoming a baseline skill, similar to how to use computers and use of Electronic Health Records. So, educational opportunities for healthcare employes are needed to optimize the use of AI and help workers learn new skills to prepare them for future jobs.

Using AI will change the way work is done so it's important that frontline staff are included in the development and use of AI tools and provided opportunities to help implement changes to optimize the use of AI technology.

Suggestions for Legislative Actions That Can Harness the Use of Healthcare AI Tools To Improve Working Conditions of Frontline Staff and Patient Care

1) Strengthen state healthcare policies to make sure healthcare AI tools are used so they don't put at risk patients and healthcare staff
2) Establish funds to provide frontline healthcare employees educational programs about digital literacy and opportunities to learn new skills, particularly for those employees that are at risk
3) Establish funds to encourage healthcare organizations to use a co-generative AI process to improve working conditions of frontline staff, and greater access to quality of care for patients, similar to the use of innovation funds.

Thank you for inviting me to today's hearing.

Peter Lazes

Comments on AI and Health Care
Submitted to:
Pennsylvania House Health Committee and House Communications and Technology Committee
February 3, 2026

Michael Yantis, Vice President, State Government Affairs
Julia McDowell, VP, AI Center of Excellence, Enterprise Analytics

Thank you for the opportunity to provide information regarding the transformative potential of Artificial Intelligence (AI) in healthcare, and to highlight the significant initiatives Highmark Health is undertaking in this critical field.

Highmark Health recognizes that the healthcare landscape is facing unprecedented challenges, which we believe necessitate innovative solutions. We are at a critical juncture where the status quo is simply unsustainable. The core issues we aim to address with AI include:

- Unsustainable Cost: The financial burden of healthcare continues to escalate at a rate that far outpaces inflation, creating immense strain on families, employers, and the national economy. This unchecked growth in costs impacts access and quality of care for countless Americans.
- Insufficient Access: Patients frequently encounter significant barriers to accessing timely medical care, including extended waiting periods for appointments – often weeks or even months, depending on geographic location and specialty. This lack of prompt access can lead to delayed diagnoses and poorer health outcomes.
- Poor Outcomes: Despite being one of the highest healthcare spending nations globally, our citizens do not consistently achieve the optimal health outcomes they deserve. This disparity underscores a systemic inefficiency in how care is delivered and managed.

These challenges highlight that we cannot effectively address today's complex healthcare problems with yesterday's methodologies. It is precisely this conviction that drives Highmark Health's deep commitment to the responsible and ethical application of AI. Our overarching goal is "**Unlocking possibilities. Unleashing potential**" through our work with AI, fundamentally aligning with our mission: **"To create a remarkable health experience, freeing people to be their best."**

Our Responsible AI program is not merely a technological endeavor; it is a strategic imperative designed to enhance all facets of the healthcare journey. We believe that leveraging AI will be instrumental in achieving our mission by focusing on three interdependent pillars:

1. Satisfying Experiences: By automating routine tasks, providing personalized information, and streamlining processes, AI can significantly improve the experience for both patients navigating their care journey and clinicians delivering it. This includes reducing administrative burdens and fostering more meaningful interactions.
2. Better Health Outcomes: AI's capacity for advanced analytics, predictive modeling, and early detection can lead to more accurate diagnoses, more effective treatment plans, and proactive interventions, ultimately improving the quality and effectiveness of care and leading to better patient health.
3. Affordability: By identifying and reducing administrative fraud, waste, and abuse optimizing resource allocation, and promoting preventive care, AI can contribute

significantly to making healthcare more efficient and, consequently, more affordable for individuals and the system as a whole.

AI is no longer a futuristic concept; it is actively delivering tangible value in healthcare today, making care more proactive, personalized, and efficient. Let me provide specific examples of how Highmark Health is already implementing AI:

1. Real-time Prior Authorization:
The current prior authorization process is a notorious administrative hurdle, frequently causing weeks of delays for patients awaiting crucial medical treatments or services. Through our innovative partnership with **Abridge**, we are developing and incubating solutions that are demonstrating significant improvements. Our goal is to transform this weeks-long administrative nightmare into near real-time approvals. This not only dramatically reduces administrative waste but, more importantly, ensures that patients receive critical care faster, avoiding unnecessary suffering and potential progression of illness. The immediate approval mechanism is designed to cut through bureaucratic delays that often exasperate both patients and providers.

2. Early, Proactive Cancer Screening:
AI holds immense potential to revolutionize cancer detection. We are actively deploying AI-driven solutions that not only enhance the accuracy of cancer diagnoses but also facilitate significantly earlier detection. Early diagnosis is consistently proven to be a critical factor in improving treatment outcomes, reducing the invasiveness of necessary interventions, and ultimately saving lives. For example, AI can analyze imaging scans or patient data to identify subtle patterns that might be missed by the human eye, prompting earlier and more effective clinical interventions.

3. Optimized Scheduling for Cancer Patients:
For individuals battling cancer, every moment counts. AI-driven solutions are being implemented to optimize scheduling and triage processes, ensuring that cancer patients receive the right care at the right time. This means minimizing wait times for appointments, diagnostic tests, and treatments, allowing them to focus on their recovery rather than navigating complex logistical challenges. By efficiently matching patient needs with available resources, AI helps reduce stress and improves the overall treatment experience during a highly vulnerable period.

These initiatives are not merely operational enhancements; they are fundamentally aligned with our nation's strategic goals for the Centers for Medicare & Medicaid Services (CMS), particularly supporting its three core pillars:

- Pillar 1: Prevention: Our AI applications facilitate a shift from reactive care to proactive, upstream interventions. By enabling earlier detection, predictive analytics for risk assessment, and personalized preventive strategies, AI supports a healthcare model focused on maintaining wellness and preventing disease progression.

- Pillar 2: Empowerment: AI provides patients with accessible, on-demand, and personalized tools that empower them to take a more active and informed role in managing their own health journey. This can include personalized health insights, easy access to medical information, and tools for self-monitoring, fostering greater patient autonomy and engagement.
- Pillar 3: Value & Competition: By driving significant efficiencies, reducing administrative burdens, and optimizing resource utilization, AI helps healthcare providers succeed in value-based care models. Furthermore, it plays a crucial role in alleviating the pervasive burnout crisis among healthcare professionals by automating tedious tasks, allowing clinicians to focus more on patient care and less on administrative overhead.

We live in an era where we possess an unprecedented volume of healthcare data, presenting an immense opportunity to move further upstream in patient care. With advanced insights and predictive capabilities that were unimaginable even a decade ago, AI can transform this data from a daunting burden into a powerful clinical tool. Without the appropriate technological tools, this vast amount of data can paradoxically add to the workload and complexity faced by our dedicated clinicians.

If American clinicians are to effectively drive better care in this country, they require a new engine—a powerful suite of tools that augment their capabilities. This conversation is fundamentally about providing that engine. We are not suggesting that AI replaces the invaluable role of the doctor; rather, we advocate for continued collaborative efforts to build the innovative tools that our clinicians desperately need. These tools will enable them to spearhead the transformative changes in healthcare that we all aspire to achieve, ultimately leading to a healthier, more accessible, and more affordable healthcare system for all Americans.

Thank you again for your time and consideration. Highmark Health is committed to leading the way in responsible AI innovation to improve health outcomes, enhance patient experiences, and make healthcare more affordable for everyone.

Thank you for the opportunity to speak with you today about how the deployment of Artificial Intelligence is shaping value and quality in our healthcare system. My name is Jonathan Greer, and I am President and CEO of the Insurance Federation of Pennsylvania, a multi-line state trade association whose membership includes commercial health insurers. I am joined by our Executive Director of Government Affairs, Megan Barbour. We welcome the opportunity to share with you how AI is being used in health insurance, especially how it is improving consumer experience, strengthening clinical determinations, and helping us tackle the long-standing issues of administrative complexity and rising healthcare costs.

A System Under Strain

For far too long, Americans have been navigating a healthcare system that feels overly cumbersome, confusing, and expensive to them. An added problem is how consumers interact with the health care system and a lack of knowledge on the benefit design of their health insurance policy. These challenges create both financial and emotional strain.

With that as the backdrop, we are now at a point where AI is beginning to meaningfully reduce some of that friction. A recent NAIC survey found that 84% of health insurers are using AI or machine learning somewhere in their operations—particularly to improve utilization management, streamline care management, and enhance how they interact with consumers. With that context in mind, I'd like to highlight how these tools are already making a measurable difference.

Improving the Consumer Experience

To start, AI is directly improving the ways consumers interact with their health insurers. Conversational AI tools and chatbots now support millions of consumer interactions every day. These tools can provide quick, reliable answers to coverage questions, help members find in-network providers, guide patients through complex care pathways, and reduce time spent waiting on hold with call centers.

Beyond those day-to-day conveniences, AI is also improving the online shopping and enrollment experience, cutting down on the friction consumers typically feel when choosing or managing a plan.

More importantly, AI is helping bring true transparency to healthcare costs. Consumers can now simply ask their insurer, through an AI platform, “How much will I pay out of pocket for this procedure?” That clarity not only reduces uncertainty, it helps prevent surprise bills. And when the AI doesn’t have enough information, or when the consumer prefers speaking with a person, these systems seamlessly hand off the interaction to a human representative.

Care Management and Clinical Determinations

As we shift from consumer engagement to clinical operations, the value of AI becomes even more evident. Care management programs, which are essential for patients with complex needs, have historically been weighed down by administrative burdens. AI is helping change that.

AI for Risk Stratification and Early Intervention

By analyzing patterns in claims, diagnoses, and utilization, AI helps insurers identify members who may benefit from proactive care management. This allows for more precise and timely health scoring, along with more targeted interventions. In practice, this means fewer avoidable hospitalizations, better chronic disease management, and lower overall costs for patients and payers.

Improving Prior Authorization and Utilization Management

Another major area of improvement is prior authorization – the part of the healthcare experience that is often the most frustrating for patients and providers. Historically speaking, prior authorization has been viewed as a slow process that relies on manual review of medical records and varying interpretations of clinical guidelines. This is partly what led to the reforms contained in Act 146.

AI is transforming this process. It can analyze large volumes of clinical information in microseconds. It improves accuracy by reducing human error, increasing consistency across cases, automatically identifying complex requests for manual review, and reducing administrative burdens for both clinicians and insurers. In fact, multiple studies support that, leveraging these features, AI streamlines prior authorizations, leading to reduced delays in needed care and better outcomes for patients.

Supporting (Not Replacing) Clinicians

It is important to emphasize that AI is designed to support clinicians, not replace them. AI enhances clinical determinations by surfacing relevant medical documentation, aligning requests with evidence-based guidelines, and identifying inconsistencies or missing information. In doing so, it reduces inappropriate denials and helps create clearer, faster pathways to approval—while keeping clinicians firmly in control of the final decision.

Making Healthcare Less Expensive and Less Cumbersome

Of course, none of this works unless AI also helps address the administrative complexity that makes healthcare both costly and difficult to navigate. And here, too, AI is playing an increasingly important role.

AI-powered systems are now handling core administrative tasks such as claims intake and review, document extraction and classification, contract and invoice analysis, and call summarization and routing. These applications are well developed, widely used, and highly effective, allowing trained staff to focus on complex clinical issues or direct consumer support rather than paperwork.

In addition, predictive modeling enables insurers to identify claims likely to be denied or delayed, allowing earlier intervention. This reduces rework for providers and helps prevent unexpected bills for members. And by identifying unusual patterns or outliers, AI helps detect fraud more accurately and quickly than humans alone. Reducing fraud strengthens the integrity of the system and helps stabilize premiums for everyone.

Strengthening Consumer Protections with Governance and Oversight

Naturally, as the role of AI expands, so does the responsibility to use it ethically and transparently. Insurers fully recognize this. Health insurers already have governance frameworks modeled on NAIC's AI principles, emphasizing transparency, fairness, and accountability.

Our member companies have interdisciplinary teams that regularly test models for bias, validate accuracy, and conduct equity and compliance audits. These proactive guardrails, aligned with national standards, help ensure that AI enhances—not undermines—the consumer experience.

Conclusion

In closing, when insurers maintain strong governance and keep both clinicians and consumers at the center of decision-making, AI can meaningfully move us toward a healthcare system that is more affordable, more navigable, and ultimately more humane. While AI is not a cure-all, it is already relieving pressure points that for far too long have made the healthcare experience frustrating for consumers across Pennsylvania and throughout the country.

Thank you again for the opportunity to share this testimony. I welcome any questions.

Penn Medicine

PENNSYLVANIA HOUSE HEALTH AND COMMUNICATIONS AND TECHNOLOGY COMMITTEES

Perspectives on Adoption of Health Artificial Intelligence

Srinath Adusumalli, MD, MSHP, MBMI, FACC
Vice President and Chief Health Information Officer
University of Pennsylvania Health System

Associate Professor of Clinical Medicine and Informatics
Adjunct Professor of Healthcare Management
University of Pennsylvania Perelman School of Medicine and The Wharton School

February 3rd, 2026

Change is imperative

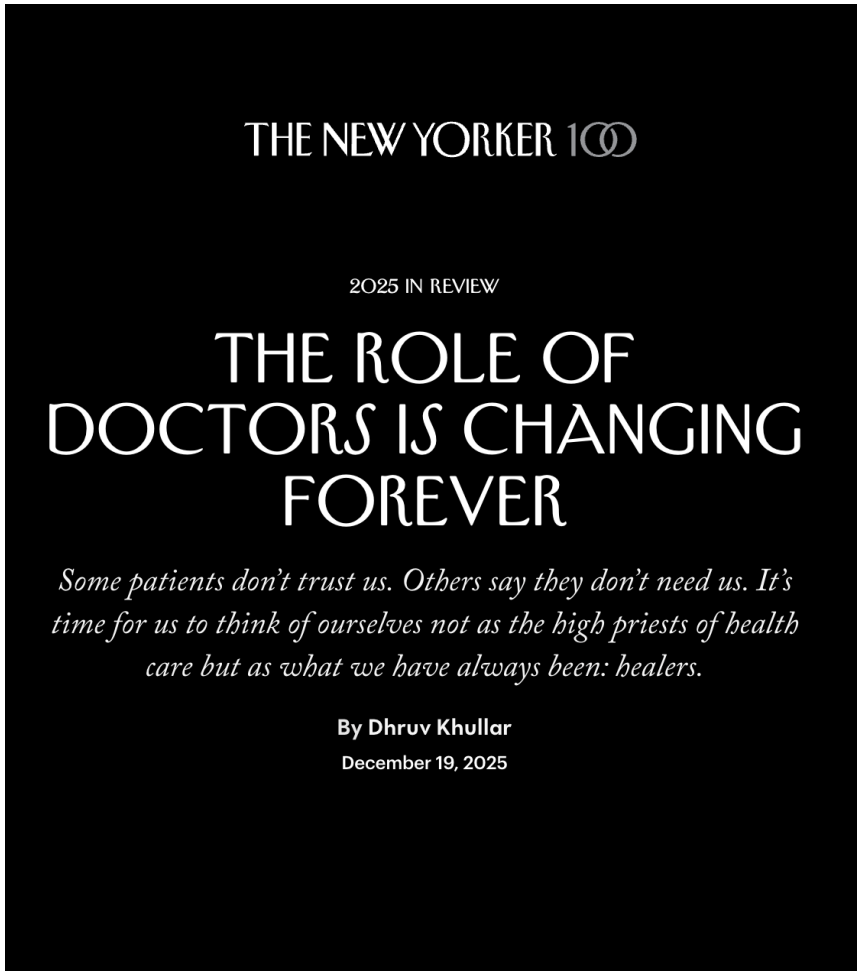
THE STATUS QUO IN HEALTHCARE DELIVERY IS NOT SUSTAINABLE

DEMAND SURPASSES CAPACITY OF CURRENT SYSTEMS

ADMINISTRATIVE BURDEN ON CLINICIANS

SYSTEM, EMPLOYER, PATIENT FINANCIAL PRESSURES MOUNTING

CONSUMERISM/ DEMOCRATIZATION OF MEDICAL INFORMATION


THE NEW YORKER 100

2025 IN REVIEW

THE ROLE OF DOCTORS IS CHANGING FOREVER

Some patients don't trust us. Others say they don't need us. It's time for us to think of ourselves not as the high priests of health care but as what we have always been: healers.

By Dhruv Khullar

December 19, 2025

Penn Medicine

What is Artificial Intelligence?

AI IS NOT NEW, BUT IT'S INCREASING ACCESSIBILITY IS A RECENT DEVELOPMENT

Artificial Intelligence

- Technical solutions that mimic human intelligence
- Does not have to be a "learning" system
- Examples: Robotics, self-driving cars

Machine Learning

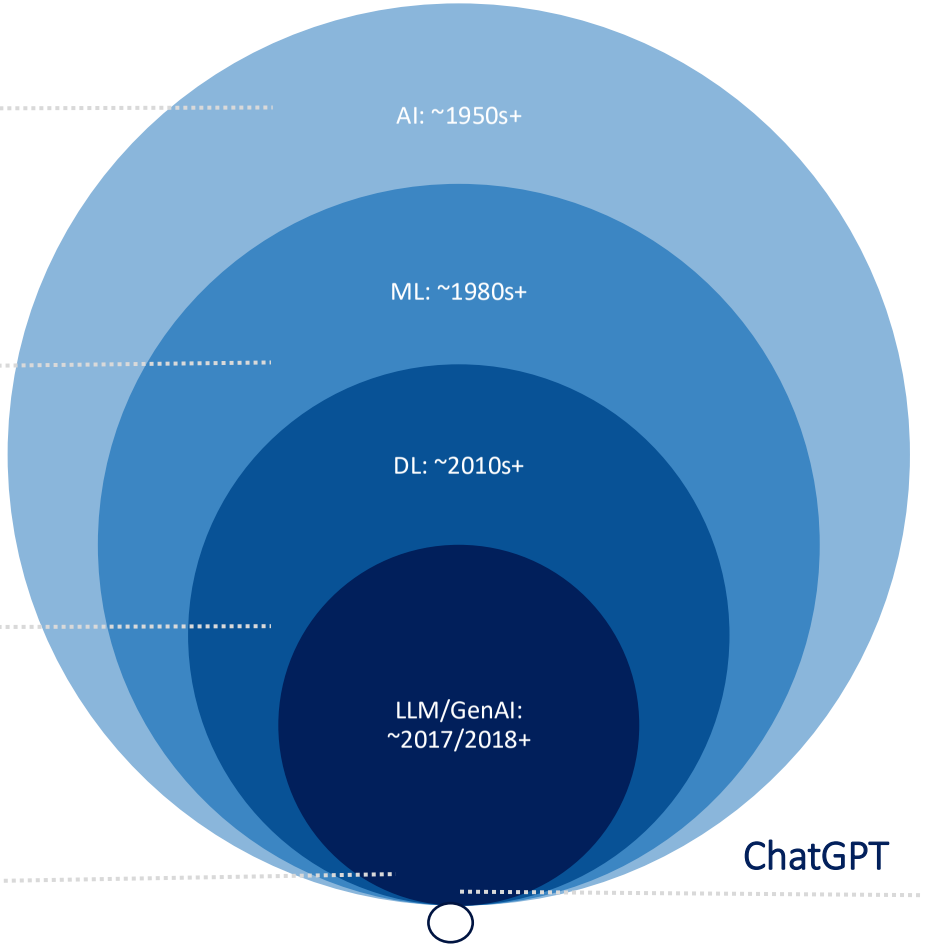
- Subset of AI that lets computer systems "learn" from data
- Until recently, focused on predictions & optimizations
- Examples: fraud detection, risk prediction, segmentation

Deep Learning

- Type of ML, uses "neural networks" to mimic human thinking
- Great expansion to harnessing unstructured data
- Examples: Image & document classification, modern NLP

Large Language Models / Generative AI

- Expanded on DL to specialize in "generative" capabilities
- Adds "creativity" and ease of interaction lacking previously
- Examples: summarization, create art, virtual assistants



Slide adapted from Srinivas Sridhara

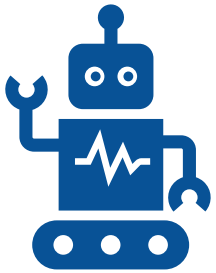
Penn Medicine

There have been several epochs of AI in healthcare

Approximate beginning year	1950s **AI 1.0** Symbolic AI and probabilistic models	2011 **AI 2.0** Deep learning	2018-2022 **AI 3.0** Foundation models
Core functionality and key features	Follows directly encoded rules (if-then rules or decision trees)	Predicts and/or classifies information Task-specific (1 task at a time); requires new data and retraining to perform new tasks	Generates new content (text, sound, images) Performs different types of tasks without new data or retraining; prompt creates new model behaviors
Training method	Rules based on expert knowledge are hand-encoded in traditional programming	Learning patterns based on examples labeled as ground truth	Self-supervised learning from large datasets to predict the next word or sentence in a sequence
Performance capabilities	Follows decision path encoded in its rules. *Eg, ask a series of questions to determine whether a picture is a cat or a dog.*	Classifies information based on training: *"Is this a cat or a dog?"* *"How many dogs will be in the park at noon?"*	Interprets and responds to complex questions: *"Explain the difference between a cat and a dog."*
Examples of performance	IBM's Deep Blue beat the world champion in chess **Health care:** Rule-based clinical decision support tools	Photo searching without manual tagging, voice recognition, language translation **Health care:** diabetic retinopathy detection, breast cancer and lung cancer screening, skin condition classification, predictions based on electronic health records	Writing assistants in word processors, software coding assistants, chatbots **Health care:** Med-PaLM and Med-PaLM-2, medically tuned large language models, PubMedGPT, BioGPT
Examples of challenges and risks	Human logic errors and bias in encoded rules lead to limited capability with real-world situations	Out-of-distribution problems (real-time data differs from training data) Catastrophic forgetting (not remembering early parts of a long sequence of text) Bias related to underlying training data	Hallucinations (plausible but incorrect responses based solely on predictions) Grounding and attribution Bias related to underlying training data and semantics of language in datasets

Howell MD, Corrado GS, DeSalvo KB. Three epochs of artificial intelligence in health care. *JAMA*. 2024;331(3):242-244. doi:10.1001/jama.2023.25057

AI in healthcare



Artificial intelligence

Development of computer systems/software which (automatically) perform tasks typically requiring human intelligence

- Problem-solving, learning from experience, understanding natural language, recognizing patterns, making decisions

Augmented intelligence

The use of artificial intelligence technologies to enhance human intelligence and decision-making

- Human-centered design, workflow integration critical

Focus areas for AI in health systems

Bolster access and appropriate triage to safe, high-quality care and diagnostic testing

Promote personalized and proactive management of health and disease

Train, recruit, retain, and delight care teams

Reduce administrative burden across care teams

Improve quality, safety, and equity of care delivery

Become thought leaders in responsible health AI evaluation and pragmatic implementation

Develop organizational competencies across our missions in the productive utilization of health AI

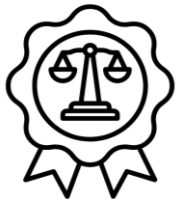
Penn Medicine

Our foundational principles

WHAT REMAINS TRUE AS WE AUGMENT CARE WITH TECHNOLOGY

PATIENT-CLINICIAN CONNECTION

HIGH-QUALITY, SAFE, EQUITABLE + ACCESSIBLE CARE



HUMAN-CENTERED AI: **PROACTIVELY MITIGATING RISKS, BIAS, + UNINTENDED HARM**

DELIGHTFUL PATIENT + CLINICIAN EXPERIENCES

CARE HAPPENS IN THE RIGHT SETTING: **HOME, COMMUNITY, CLINIC AND HOSPITAL**

Although technology offers an opportunity to reimagine how we provide care, we need to **maintain focus** on **our core principals**.

High risk follow through

GENERATIVE AI FOR POPULATION HEALTH

Meet James.

In December 2024, James suffered a fall requiring a short hospital stay. During his admission, imaging revealed a 1.2cm, incidental pulmonary nodule requiring immediate follow up.

With no primary care provider in the system, this finding was lost to follow up.

In May 2025, HRFT **detected the overdue recommendation and facilitated direct pulmonology triage**. Additional testing confirmed cancer.

James **began radiation treatment earlier this month**.

Ambient intelligence

GENERATIVE AI FOR DOCUMENTATION AND MORE

"It has dramatically decreased my documentation burden and allowed me to have conversations with patients that don't require me to divert attention to the computer screen"

"I legitimately think this technology, once optimized, is the biggest advancement for outpatient primary care providers in decades"

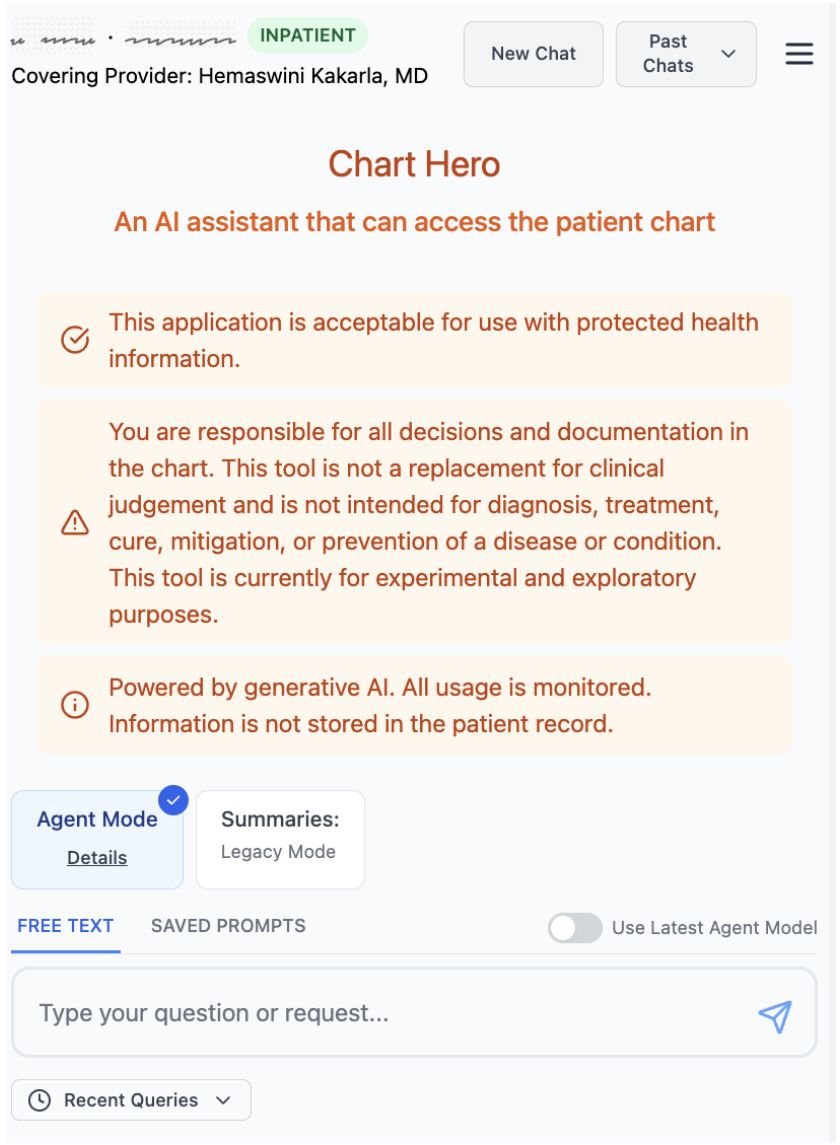
"Far less time-saving than I had anticipated"

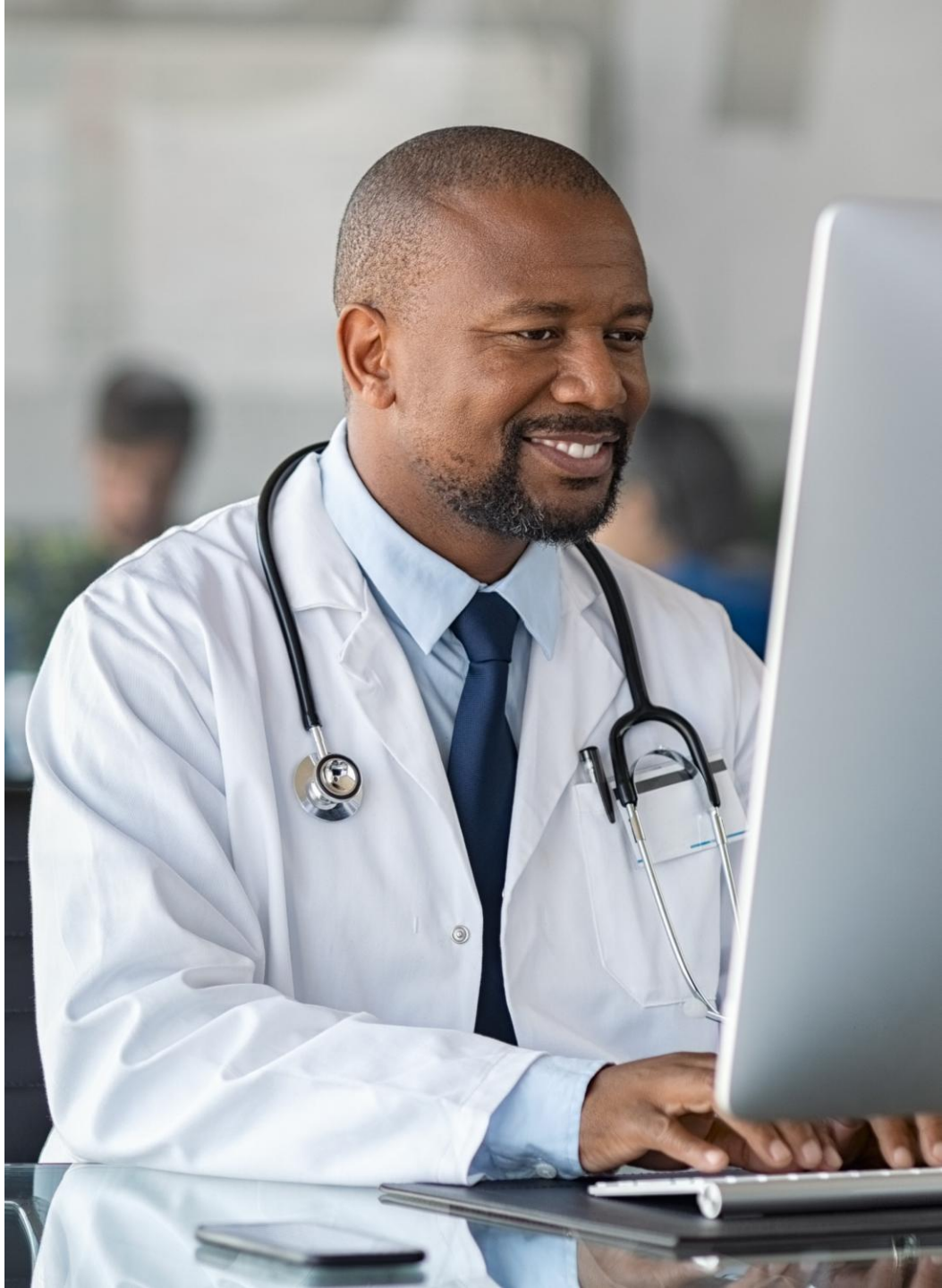
"The amount of time spent checking and correcting the generated text is equal to or exceeds the charting burden experienced without ambient"

Penn Medicine

Chart Hero

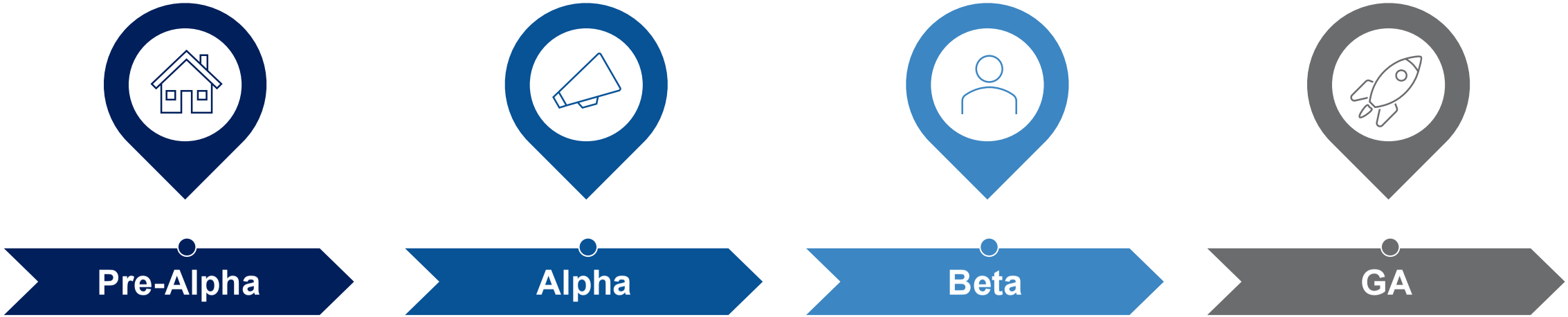
GENERATIVE AI CHATBOT FOR THE EHR





Rapid Cycle Validation of AI Applications

PROMOTE OR REJECT EACH TIME-BOUND STAGE



CHIO/CNIO Review

Targeted CHIO / CNIO review of capabilities

Quick clinical and operational value assessments

Single Site Review

Established innovation sites conduct pilots.

Assess feasibility, workflow integration, and clinical / operational value

Multisite Review

Multiple sites test capabilities.

Assess scalability, operational change management needs, training content

Scaled Deployment

General release across all sites

Ongoing monitoring and maintenance

Slide adapted from Srinivas Sridhara

Penn Medicine

Data & AI Governance Focus Areas

MANAGING PATIENT, PROVIDER, FACULTY, AND ORGANIZATIONAL RISKS

Data & AI Governance			
Access & Compliance	Data Platforms	Data Standards	AI

Executive Committee Membership:

Emma Meagher, Senior Vice Dean, Clinical & Translational Research

Srinath Adusumalli, Chief Health Information Officer

Lauren Steinfeld, Chief Privacy Officer

Srinivas Sridhara, Chief Data & Analytics Officer

Clinical & Operational Validation	Data Rights, Data Security & Compliance
Product & Service Rationalization	Methods & Technical Review
IP Rights	Fairness & Bias

Slide adapted from Srinivas Sridhara

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Considerations for ensuring human-centric AI

Labor Arbitrage
- Job loss / limited hiring
- Upskilling
- Deskilling/mis-skilling/never skilling
- Training

Value Alignment
- Human / Org value alignment
- Collective vs. contextual values
- “Human” Relationships

Bias / Performance
- Bias acceleration or mitigation
- Inconsistent performance, including hallucinations, sycophancy

Security
- Deepfakes and Identity fraud
- Phishing / social engineering
- Cyberattacks

Privacy / Data Rights
- Consent & compliance
- Data use rights

Environment
- Energy consumption
- Water consumption

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Augmented intelligence will be woven throughout healthcare journeys

WE MUST LEARN HOW TO INCORPORATE IT SAFELY, RESPONSIBLY, AND EFFECTIVELY

- **Space to learn** by fostering innovation and safe, monitored pilots in service of and focused on patients and clinicians

- **Collaboration** between legislators and practitioners to develop effective and implementable safeguards for health AI

- **Right-sized** guardrails that recognize imperfections in systems of healthcare delivery and opportunities to improve on current practice, leveraging effective human and computer collaboration

Penn Medicine

Testimony of Penn Medicine on AI in Healthcare

Joint Hearing of the Pennsylvania House Health and Communications & Technology Committees

Good morning, Chairpersons and members of the committees. Thank you for inviting us to share Penn Medicine's perspective on artificial and augmented intelligence in healthcare. My name is Srinath Adusumalli, and I am a practicing cardiologist as well as Vice President and Chief Health Information Officer for the University of Pennsylvania Health System. In my role, I leverage the experience I have as an actively practicing cardiologist in the inpatient, outpatient, consultative, imaging, and procedural settings to lead our informatics teams, who are clinician-technologists working to bridge our technology and operational and clinical teams. I am also an Associate Professor in the Departments of Medicine, Biostatistics, Epidemiology, and Informatics, and Healthcare Management at the Perelman School of Medicine and the Wharton School, where I specialize in teaching on topics surrounding the digital transformation of healthcare. Finally, I am a former President and Governor of the Pennsylvania Chapter of the American College of Cardiology, where I also work on topics related to digital transformation relevant to cardiologists.

What is AI and why it matters in healthcare

Artificial intelligence, or augmented intelligence as we refer to it in the healthcare context (AI), refers to computer systems that can analyze data, recognize patterns, and support decision-making in ways that approximate aspects of human reasoning. At Penn Medicine, we view AI as a tool or method that serves our larger objectives of bolstering access to high-quality, safe, and effective care, moving from reactive to proactive care, and creating delightful environments for our care teams to practice in. We believe that rather than replacing the human touch, AI supports, augments, and elevates it - providing tools that help clinicians process complex data, detect trends, and make better decisions. In some cases, this might even mean certain processes ultimately become automated, with humans on- or out of the loop, in service of access to care, quality and safety of care delivery, and furthering connection between our patients and care teams. As a result, AI can simplify administrative work, improve operational efficiency, and free clinicians to focus on what matters most: caring for patients.

AI is not a standalone solution; it works best when it is targeted towards specific opportunities, thoughtfully integrated into clinical processes, and rigorously evaluated in relation to the outcomes that matter most. At Penn Medicine, we have been developing our expertise around the development and implementation of predictive and generative AI for the last decade. We have been exploring AI as part of a broader effort to make healthcare easier, smarter, and more patient- and consumer-centered. To that point, our goal is not just to introduce technology, but to use this opportunity to reimagine care processes in ways that scale evidence-based practices, reduce unnecessary administrative burdens, and ultimately improve outcomes for patients across the

health system. Put another way, truly improving healthcare outcomes will require not only AI as a tool but also changes in processes and human behavior.

Penn Medicine's foundational principles when applying AI

Although technology offers an opportunity to reimagine how we provide care, we are also anchoring our focus on AI on several core principles which will not change including:

- Elevating patient, clinician, and care team connections
- Promoting high-quality, safe, equitable, and accessible care in the brick and mortar and virtual settings best suited for a patient and the care they need
- Ensuring AI is deployed in a human-centered way where risks are proactively identified and mitigated including transparency bias, security and privacy, value alignment, and environmental concerns
- Creating delightful patient and clinician experiences

Clinical applications today

AI is already making a tangible difference in several practical ways across patient, clinician, and operational experiences. Throughout our enterprise, AI supports decision-making through predictive modeling and rapid evidence synthesis. Tools can analyze data from multiple sources, identify patterns, and offer insights that help care teams deliver proactive care and experiences, anticipate complications, prioritize interventions, and make timely, informed decisions. Importantly, AI is designed to inform and enhance - but not override - trained clinical judgment. Recommendations are validated against clinical expertise to ensure patient safety and quality of care. Some specific examples of AI use cases include:

- Our internally developed **High-Risk Follow Through** program leverages generative AI to identify high risk findings on imaging studies and within other data in our EHR, such as pulmonary nodules at risk of transforming into lung cancer, and then connect those patients to expedited detailed diagnosis and treatment, highlighting the potential of AI to help facilitate access to expert care. This type of program can also be paired with advances in computer vision to help radiologists and cardiologists better identify findings of concern. We now have a number of examples of patients where lung nodules that were cancerous were caught in early, very treatable stages prior to progressing to more advanced and difficult to treat disease.

- **ChartHero** is an internally developed product in pilot phase integrated into our electronic health record, PennChart. It functions as a smart generative AI-based chatbot assistant, helping clinicians sift through large volumes of patient data to quickly surface the information most relevant to each encounter, and contextualizes those data in evidence from the medical literature. By highlighting trends, labs, medications, and prior diagnoses in a concise format, ChartHero allows clinicians to spend less time navigating

multiple screens and more time providing quicker access to care and connecting with patients. In my own experience with this tool, for example, I have been able to shave several minutes off navigating and preparing for visits which is time that is reinvested for a productive patient visit.

- Our **AI scribe tool** listens to clinical encounters and drafts summaries and clinical notes in real-time, reducing the documentation burden. Clinicians using the tool report significantly more face-to-face time with patients, a reduction in clerical fatigue, and improved engagement directly with patients during visits. Some even have noted this tool has kept them in the practice of medicine. This illustrates a broader principle of AI in healthcare: it is most effective when it amplifies human expertise rather than replacing it.
- Our **prior authorization** portfolio of solutions uses generative AI to help facilitate, and in some cases eliminate, utilization management interactions, ultimately facilitating access to care including procedures as well as critical medications.

Future potential

Looking ahead, AI offers transformative potential within and beyond hospital walls. In our "precision sites of care" program, for example, patients receiving acute care at home are supported with AI-driven monitoring tools that integrate text messages, video visits, wearable sensors, and remote monitoring platforms. These systems can use physiologic data to detect early clinical warning signs, connect patients to the right care at the right time - all while keeping clinicians informed and able to act swiftly when needed.

AI also has the potential to improve patient and caregiver communication. Behaviorally designed personalized educational content, medication reminders, and culturally sensitive guidance can be delivered through digital tools accessible at every stage of care—whether during hospital stays, clinic visits, recovery at home, or ongoing chronic disease management. When designed thoughtfully, AI not only increases efficiency but also improves equity, engagement, and accessibility, helping ensure that all patients receive timely, understandable, and actionable health information.

Lessons from other states

Other states are already leading the way in demonstrating AI's potential in healthcare. For example, Utah recently partnered with an AI platform called Doctronic to safely manage prescription renewals (a highly protocolized space) for patients with chronic conditions. This pilot addresses a critical gap in medication management - especially important for populations transitioning off Medicaid - by ensuring patients receive timely prescription refills without unnecessary delays. The Utah program operates under a regulatory sandbox framework, which allows innovation to be tested safely while ensuring oversight, monitoring outcomes, and protecting patients.

Across the country, states such as Arizona, Texas, and Wyoming are exploring similar regulatory sandboxes, where new products and services can be piloted under temporarily relaxed regulations while maintaining supervision. These programs strike a balance between fostering innovation and ensuring safety, providing a path to improve access, reduce delays, and enhance outcomes without compromising trust.

Pennsylvania is uniquely positioned to lead in this space. With our world-class universities, research institutions, health systems, and technology sector, the Commonwealth has the talent, infrastructure, and expertise to innovate in AI-driven healthcare. By engaging government partners strategically, Pennsylvania can foster safe pilots, establish clear regulatory guardrails, and create conditions for AI to improve patient care while supporting clinicians.

Governance, trust, and safety

While AI holds tremendous promise, real safeguards are essential. At Penn Medicine, every AI tool undergoes rigorous testing, validation, and ongoing monitoring. We evaluate performance, assess for bias, and ensure outputs reflect accurate, evidence-based information. Transparency is key: patients and clinicians need to understand, in a way that is contextualized and understandable to them, how AI is being applied, the data it relies on, and the limitations of the technology.

AI must be human-centered: it should support care teams, respect patient privacy, and maintain trust at every step. When guardrails are incorporated throughout development and implementation, AI can empower clinicians to work more efficiently and safely, rather than introducing risk or uncertainty.

That being said, we know that our current systems can be imperfect at times as well, so it will be critical to right size guardrails to ensure AI is held to an appropriate standard – not of perfection but of better than our current standard of care.

A common and understandable concern is whether AI will reduce or replace those in the healthcare workforce. At Penn Medicine, our experience has been the opposite. AI is being used to reduce administrative burden, not eliminate roles. These tools are designed to take on repetitive, high-volume tasks—such as documentation, chart review, and routine follow-ups—so clinicians, nurses, and staff can focus on higher-value work that requires human judgment, reasoning, empathy, and expertise. Just as important, we actively deeply engage our workforce as AI is rolled out, providing training, transparency, and opportunities for feedback. By involving clinicians and staff in the design, testing, and evaluation of AI tools, we ensure these technologies support - not disrupt - the care teams who deliver care every day.

Key lessons we've learned

From our pilots and research, five key lessons guide our approach to AI:

1. **Reduce burden** – AI can take on repetitive, time-consuming tasks, freeing clinicians to spend more time with patients.

2. **Support expertise** – AI informs decisions, but the care team remains the final authority.
3. **Improve communication** – AI can help engage patients and caregivers in actions beneficial to health, but only if tools are unbiased, accessible, and culturally sensitive.
4. **Streamline operations** – AI can increase efficiency and reduce delays, but must be monitored for unintended consequences.
5. **Enable the human touch** – By reducing administrative friction, AI restores space for care, compassion, and connection—the heart of healthcare.

Conclusion

AI is not here to replace clinicians; it is here to amplify their expertise, restore time for patients, and improve care delivery. We recognize that healthcare in Pennsylvania faces significant challenges ahead, including affordability, difficulty in access and navigation, provider and nurse workforce shortages, an aging population with deepening chronic disease burden, deep Medicaid cuts, and growing concerns about rural health access and hospital sustainability. While these issues are complex, AI presents a unique opportunity to help address many of them - by extending the reach of clinicians, improving efficiency, supporting medication management and chronic care, and enabling new models of care delivery. Its promise can only be realized when implemented thoughtfully, with strong governance and a clear focus on human-centered outcomes.

Pennsylvania has a unique opportunity to shape how AI is used safely, equitably, and effectively in healthcare. By drawing on our research institutions, hospitals, healthcare workforce, and technology sector - and by strategically partnering with government - the Commonwealth can lead in AI-driven healthcare innovation, improving access, quality, and outcomes for patients across Pennsylvania.

Thank you for the opportunity to share Penn Medicine's perspective. We look forward to partnering deeply with you to ensure that AI fulfills its promise—empowering clinicians, protecting patients while improving access to high-quality, safe, equitable care, and improving health outcomes across the state.

Impact of Artificial Intelligence Adoption in Healthcare on Value and Quality

Pennsylvania House Health and Communications and Technology Committees

Robert Kruklitis MD, PhD, MBA

February 3, 2026

On behalf of The Guthrie Clinic, I would like to thank Chairs Frankel, Rapp, Ortitay, and Ciresi and members of the Pennsylvania House Health and House Communications and Technology Committees for allowing me to speak at today's hearing on the impact of artificial intelligence (AI) adoption in healthcare.

I am honored to join you in discussing this critical and timely topic.

My name is Dr. Robb Kruklitis, and I am an Executive Vice President and the Chief Clinical Officer for Guthrie.

Guthrie is an integrated rural health system with six hospitals, three of which are in Pennsylvania, across 11,000 square miles and supported by 10,000 employees.

Guthrie has been an early adopter of innovative tools and technologies, including AI. We view innovation not as optional, but as essential to delivering high-quality, accessible care, and we consider ourselves a leader in thoughtfully deploying AI to improve outcomes, support clinicians, and strengthen care delivery.

For the purposes of this hearing, I will focus on three areas where Guthrie is currently using AI: ambient listening, sepsis monitoring, and virtual sitting and workforce support.

Apart from ambient listening, these applications are supported through the Guthrie Pulse Center, a transformative care delivery model that utilizes highly trained, Guthrie-employed remote healthcare professionals who provide 24/7 clinical support. It's important to note that patients consent to the use of Guthrie's Pulse Center, it does not replace bedside staff,

it is never used for disciplinary purposes, and while AI may inform analysis, all decisions are subject to human review, judgment, and approval.

Ambient Listening

Ambient listening is an AI-powered tool that passively captures and analyzes provider–patient conversations to generate clinical documentation in the background. In doing so, it significantly reduces the administrative burden associated with electronic medical records, systems that have too often turned clinicians into data-entry clerks.

We routinely hear from patients who feel their provider is focused more on a screen than on them and from clinicians who report dissatisfaction because they entered healthcare to connect with patients, not to spend hours a day documenting visits. Ambient listening directly addresses both concerns.

At Guthrie, we have implemented ambient listening across primary care, specialty practices, and hospital settings to allow physicians and nurses to spend more time engaging with patients and less time typing. Patients provide consent, and clinicians retain full control: they review, edit, and approve all AI-generated documentation before it becomes part of the medical record. The result is improved patient experience, greater provider satisfaction, and more meaningful clinical encounters, without sacrificing accuracy or oversight.

Importantly, this technology is not replacing clinicians; it is augmenting them. Ambient listening supports providers by removing unnecessary administrative friction, allowing them to practice at the top of their license and focus on what matters most: caring for patients. When implemented thoughtfully, AI tools like this make care delivery more efficient, more effective, and more human. Rather than resisting these innovations, we should be leaning into them as responsible ways to support the healthcare workforce, improve patient experience, and sustain high-quality care, especially in rural settings.

Sepsis Monitoring and Treatment

As many know, sepsis is a life-threatening medical emergency that occurs when the body's response to an infection triggers widespread inflammation, leading to tissue damage, organ failure, and, in severe cases, death. Early recognition and rapid treatment are critical as every hour of delay significantly increases the risk of poor outcomes.

At the Pulse Center, nurses play a critical role in ensuring timely identification and treatment of sepsis by continuously monitoring patients for key clinical criteria and early warning signs.

As an example, a patient may present with relatively nonspecific symptoms, but when their laboratory results show an elevated white blood cell count and a chest X-ray reveals an infiltrate consistent with pneumonia, the AI-enabled system integrates those data points in real time. The system immediately alerts a Pulse Center nurse who reviews the clinical information, confirms concern for possible sepsis, and promptly notifies the bedside care team. This early escalation allows providers to initiate sepsis protocols, such as ordering blood cultures, administering antibiotics, and providing fluids, without waiting for further clinical deterioration.

By pairing advanced analytics with continuous, round-the-clock clinical oversight, the Pulse Center enables earlier identification and faster treatment of sepsis, significantly improving survival rates and patient outcomes.

Virtual Sitting and Workforce Support

Patient sitters are used in hospitals whenever a patient's condition -- physical, cognitive, or behavioral -- creates a risk to themselves or others so one-on-one observation is required.

High-risk patients, such as those at risk of falls, require constant attention, which can pull nurses and other clinicians away from other patients and critical tasks. By assigning sitters, the hospital ensures that these patients are monitored continuously, reducing the risk of adverse events. However, in-person sitters are resource-intensive, requiring dedicated personnel who could otherwise provide clinical care, which can strain staffing, especially in rural or smaller hospitals. They also do not scale efficiently; multiple high-risk patients require multiple sitters, which can be difficult to manage and costly to the healthcare system.

Through the Guthrie Pulse Center, virtual sitters provide a transformative approach to patient observation. Unlike traditional in-person sitters, a single tele-sitter can monitor up to 18 patients simultaneously, using AI-enabled cameras that highlight activity in yellow or red to immediately draw a tele-sitter's attention to patients who are moving, attempting to get out of bed, or otherwise at risk. This continuous, real-time oversight allows the Pulse Center team to intervene early, preventing incidents before they occur. The results have been remarkable: virtual sitters have contributed to an 87% reduction in patient falls with serious injury while optimizing staffing and enabling bedside teams to focus on direct care.

By pairing advanced technology with skilled, 24/7 clinical oversight, this approach enhances patient safety, boosts workforce efficiency, and provides a scalable, cost-effective solution for managing high-risk patients.

In addition, the Pulse Center recently launched a safety-focused initiative to protect our patient-facing staff. Unfortunately, instances of assault on healthcare workers have been

steadily increasing. To address this, we've implemented a system where employees use a designated code word if they feel unsafe or need support. When spoken, AI detects the word and immediately alerts a Pulse Center team member, who can monitor the room and notify hospital security if needed. Importantly, the situation is handled discreetly, without escalating unnecessarily, while ensuring staff safety is addressed promptly.

All of these initiatives deliver tangible value and directly enhance the quality of care. They illustrate how strategic innovation can enhance sustainability, improve outcomes, strengthen the patient and staff experience, and drive overall value across the health system.

Recommendation Number One:

We recommend that Pennsylvania establish and support pilot programs that enable hospitals, particularly rural and safety-net hospitals, to adopt and integrate AI technologies into care delivery. This would allow hospitals to test AI solutions safely and effectively, measure impacts, train staff and integrate AI into existing care models, and identify best practices and scalable models for statewide adoption.

Recommendation Number Two:

In addition to our hospitals in Pennsylvania, Guthrie has a strong presence in New York. This month, during her State of the State address, Governor Hochul directed the Department of Health to establish a consortium of healthcare and AI experts to share data, exchange best practices, and strengthen cross-sector collaboration in building, testing, and deploying safe and effective AI tools. The initiative also incentivizes partnerships between safety-net hospitals and other healthcare providers to ensure equitable access to AI solutions that improve quality and strengthen operations. Pennsylvania may wish to consider a similar approach to support the safe, equitable, and coordinated adoption of AI across the state, ensuring these innovations benefit patients, reduce disparities, and enhance rural and urban health systems.

Thank you again for allowing Guthrie to provide testimony on this topic. We welcome the opportunity to act as a resource and are happy to answer any questions.

AI Implementation and Utilization With Integration of Patient Choice and Safety

The use of AI in healthcare has rapidly expanded in recent years and without question will continue to become more intertwined with the daily provision of medical care. As this inevitable growth occurs, safeguards are needed to make sure that patient choice and safety are prioritized.

As a board certified diagnostic radiologist, my daily workflow is computer driven. Not surprisingly, AI peer reviewed articles, software advertisements and AI information from colleagues are a daily occurrence in my email inbox. Sifting through the information to determine what may be helpful in the care of my patients is time-consuming but necessary.

Some radiologists have started utilization of AI software for efficient documentation of radiology results. For example, one such program called Rad AI, https://www.radai.com assists radiologists in generating reports which are customized to each radiologist's language and help in generating impressions to include follow up recommendations. This improves efficiency in report transcription but does not replace the radiologists' interpretation expertise.

The challenge, debate and decisions on the horizon have to do with whether or not AI can work concomitantly with or replace human interpretation.

I specialize in breast imaging and there are numerous articles reporting preliminary data on AI's ability to interpret mammography. Here are two peer reviewed articles:

From The Lancet:
https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(25)02464-X/abstract
AI-supported mammography screening showed consistently favourable outcomes compared with standard double reading, with a non-inferior interval cancer rate, fewer interval cancers with unfavourable characteristics, higher sensitivity, and the same specificity, while also reducing screen reading workload. These findings imply that AI-supported mammography screening can efficiently improve screening performance compared with standard double reading and may be considered for implementation in clinical practice.

From The Journal of Breast Imaging:
https://academic.oup.com/jbi/article/5/3/258/7098225
Although we are unable to show statistically significant changes in CDR and AIR outcomes in the two groups, the results are consistent with prior reader studies. There is a nonsignificant trend toward improvement in CDR with AI, without significant increases in AIR.

The data is preliminary and at this point AI utilization for mammography interpretation is still investigational. However, the potential of future implementation given the preliminary results is a matter of discussion among many breast imagers.

Given the movement towards AI the next step must be how do we provide guidelines, regulations and transparency to assure patients are protected.

At the Physician/Radiology Specialty level:
The ACR (American College of Radiology) has created a Best Practice Program for AI
https://www.acr.org/data-science-and-informatics/ai-in-your-practice/arch-ai

At the state level:
https://ai-law-center.orrick.com/

At the federal level:

The Healthcare Leadership Council:
https://www.hlc.org/report/unleashing-ais-potential-for-patients-a-cross-sectoral-roadmap-for-healthcare/

The HLC report identified barriers to AI adoption:
Governance and regulatory complexity
Data access and infrastructure challenges
Capabilities and end-user trust

What do patient's know and want?

https://pmc.ncbi.nlm.nih.gov/articles/PMC12123243/
Patients were generally open to the use of AI in medical care as a support tool rather than as an independent decision-making system. Acceptance and successful use of AI in medical care could be achieved if it is easy to use, adapted to individual characteristics of the users, and accessible to everyone, with the primary aim of enhancing patient well-being. AI in health care requires a regulatory framework, quality standards, and monitoring to ensure socially fair and environmentally sustainable development. However, the successful implementation of AI in medical practice depends on overcoming the mentioned challenges and addressing user needs.

Final Comment:
The framework for any potential AI healthcare legislation (state or federal) should be centered around the patient - providing opportunities for their voices, opinions and concerns about AI to be paramount.

Lynn Lucas-Fehm MD

Testimony to the Pennsylvania House Health Committee

February 3, 2026

By introduction, I am a second-generation physician and lifelong resident of Pennsylvania. I have been practicing medicine for my full career in our Commonwealth for over 25 years. In the course of those years, I have been witness to dramatic and exciting innovations in health care. It has been a particularly rewarding phase of healthcare in our country. My career has been and remains in a private, independent medical practice. As such, I have direct experience and am very much at the interface of striving towards the highest quality of care while doing so in an increasingly challenging environment and particularly the administrative burdens of clinical care. I also served as President of the Pennsylvania Medical Society in 2023 which brought me great opportunity to travel our state and meet with physicians and community health leaders throughout Pennsylvania. Finally, I have no conflicts of interest and have no personally vested interest in AI beyond looking forward to its careful and thoughtful adoption in healthcare.

Artificial intelligence (AI) has the potential to meaningfully improve the quality, access, and efficiency of clinical care across the Commonwealth of Pennsylvania — particularly in a geographically and demographically diverse state such as ours. AI-enabled decision support, imaging interpretation, and clinical workflow automation can assist clinicians in detecting disease earlier, reducing diagnostic variability, and spending more time on direct patient care.

Artificial intelligence (AI) offers Pennsylvania an innovative yet potentially practical opportunity to improve clinical quality while advancing value-based care and other measures to reduce health care costs. In large and small integrated systems, ambulatory clinics, and the numerous access points for patients that can be found throughout Pennsylvania, AI tools can support earlier and more accurate diagnosis, reduce unwarranted variation in care, and improve adherence to evidence-based pathways. For example, AI-assisted imaging, pathology review, and clinical risk prediction can shorten time to diagnosis, reduce avoidable repeat testing, and improve care coordination across inpatient and outpatient settings. In a state with substantial rural and aging populations, AI-enabled teleconsultation and remote monitoring can also improve access to high-quality specialty care, helping patients remain in their communities while still benefiting from expert-level clinical oversight.

From a value perspective, AI's most immediate benefit for Pennsylvania lies in reducing waste and inefficiency that drive healthcare costs without improving outcomes. Automated

documentation support, revenue-cycle optimization, and predictive analytics for staffing and patient flow can reduce administrative burden and help clinicians spend more time delivering direct care. More importantly, population-health and predictive tools can identify patients at high risk for hospitalization, complications, or disease progression, allowing earlier intervention and better chronic disease management. This approach directly supports the Commonwealth's broader movement toward quality-based and outcomes-driven payment models by lowering preventable emergency department visits, avoidable admissions, and procedural delays—key drivers of cost for employers, public payers, and patients.

However, the quality promise of AI in Pennsylvania will only be realized if systems are implemented with strong clinical governance, robust patient privacy standards and performance oversight. Algorithms must be locally validated to ensure they perform well for rural residents, older adults, and socioeconomically vulnerable populations that are common across many counties. Without careful monitoring, AI could inadvertently widen outcome gaps rather than improve them. The Pennsylvania Department of Health can play a central role by establishing statewide standards for algorithm transparency, ongoing quality measurement, and reporting of real-world clinical performance. For the General Assembly, the central policy question is not whether AI can improve care—but how to ensure it is used to measurably improve patient outcomes, reduce avoidable cost, and strengthen trust in clinical decision-making across both large health systems and Pennsylvania's many independent and community-based practices.

Finally, data security and public trust will be decisive factors in the success of AI in Pennsylvania healthcare. AI systems depend on large volumes of clinical, imaging, and population health data, raising legitimate concerns regarding patient privacy, secondary use of data, and cybersecurity. Such data aggregation must be rigorously validated. As the Pennsylvania General Assembly considers policy frameworks for AI in medicine, the Commonwealth has an opportunity to lead by establishing strong patient consent standards, clear limits on commercial reuse of clinical data, and minimum cybersecurity and transparency requirements for vendors operating within the state. Thoughtfully implemented, AI can strengthen access, efficiency, and clinical quality across Pennsylvania—but only if it is deployed with deliberate safeguards that protect patients, clinicians, and the integrity of the healthcare system.

F. Wilson Jackson, MD, FACP

The Hospital + Healthsystem Association of Pennsylvania

Statement of

The Hospital and Healthsystem Association of Pennsylvania

for the

House Committees on Health and Communications and Technology

February 3, 2026

Testimony Regarding the Impact of Artificial Intelligence Adoption in Health Care on Value and Quality

The Hospital and Healthsystem Association of Pennsylvania (HAP) appreciates the invitation of both the House Health and Communications & Technology Committees to submit testimony regarding the implications of artificial intelligence (AI) implementation on the future of care delivery in our commonwealth.

Hospitals are fully evaluating AI options and opportunities across hospital business and clinical operations and making significant investments in technology and staff training to realize the potential of AI. The full benefits and efficiencies derived from the use of AI across the health care system are not yet known, but the positive impact on operations and patient care is becoming clearer. From enhanced patient communication and coordination, and predictive analytics that can identify patients at risk for a variety of conditions and diseases, to AI-driven tools that assist in diagnostics and individualized treatment, the opportunities are vast.

The use of AI is already becoming widespread in hospitals across Pennsylvania, serving as a clinical support tool, not a replacement for human decision making. Hospitals are currently expanding use of AI assists in a variety of ways, including but not limited to the following:

- Deploying AI-powered tools to analyze patient charts for conditions that may have been overlooked by clinicians.
- Leveraging predictive analytics to identify patients with a higher risk of adverse conditions, like readmissions or infections.
- Monitoring patient data in real time to predict the onset of sepsis before symptoms become clinically evident.

- Serving as a secondary review mechanism for radiologists, flagging subtle or rare abnormalities that may otherwise go unnoticed.
- Tracking billing activity against fraud and enhancing operating room scheduling by forecasting future demand.

While full of positive potential, HAP recognizes that AI poses new questions and concerns about its future impact on patients, staff, and the delivery of health care. Pennsylvania's hospitals encourage legislators to take a thoughtful approach to any legislation being considered to be one which allows hospitals to adopt and grow AI tools as technologies evolve, while ensuring patient safety, data security, and transparency. HAP applauds both the Health and Communications & Technology Committees for dedicating time to gather stakeholders and receive feedback on this timely policy area, and seeks to reinforce major concerns with already introduced legislation.

Maintaining a Unified Framework Across Industries

Applications of AI are not limited to hospitals or to the health care industry. The use of AI technology spans across multiple sectors, and it is crucial that any legislative framework reflects this reality. A fragmented approach to AI regulation, particularly one that is specific to hospitals or other health care organizations, would add unnecessary burdens on these entities and create separate standards for the use of AI than what would be imposed on other industries, adding to an already burdensome regulatory framework in which hospitals operate. Maintaining space for hospitals to evolve as new technology emerges must be an essential component of any new statutory framework.

Definitions and Terminology

HAP is concerned about definitions unique to health care entities or to the commonwealth in a manner that is inconsistent with interstate or national standards. Any term that outlines what constitutes AI should be consistent with an existing framework—to the extent a standard is already in place at the federal or state level—to minimize the burdens of compliance and capture only those AI tools and technologies that are impacting clinical decision making or patient care. The application of unique standards specific to health care or Pennsylvania's jurisdiction risks incorporating outliers or technologies that are not yet widely used or have limited applications in the broader health care landscape. Clear and standardized definitions are essential to avoid

confusion, maintain consistency, and control risks while supporting beneficial uses of the technology.

Patient Disclosure and Communications

It is important that patients be informed when clinical decisions or similar tasks are influenced by AI systems; HAP is supportive of transparency as a tool for increased information to assist patient decision making. However, requirements regarding when and how frequently disclosure is necessary should be clearly defined and distinguished between instances where AI plays a primary role in decision making—as opposed to cases where AI tools are used to assist providers in their clinical judgments. Any new regulatory framework should ensure that disclosures are meaningful and provide value to patients.

Reporting and Data Protection

Hospitals invest significant resources into the development and deployment of AI technologies, and the information associated with these systems is often proprietary and uses highly personal patient data. HAP believes that patient data must be protected and finds added mandated reporting requirements to be a significant risk. Proposals that require hospitals to report certain proprietary and confidential information about their AI systems could be hazardous for the safe storage of digital data and the protection of sensitive patient information. HAP urges members of these committees to consider language that prioritizes safeguarding proprietary and confidential information, and that reporting requirements include only the "minimum necessary" information to balance both volume and security concerns.

Penalties and Enforcement

HAP supports reasonable and clearly defined approaches to enforcement. If the committees weigh provisions that include penalties of a punitive nature, HAP urges the committees to also implement notice requirements, incorporate safe harbor protections, and account for the "good faith" efforts of hospitals and health care providers. These safeguards are critical to ensure that hospitals are not penalized for unintentional errors or misinterpretations related to the use of AI systems. Hospitals must have clarity on what constitutes compliance, and the legislative framework must allow for corrections without the imposition of harsh penalties that could discourage innovation and hinder the adoption of beneficial technologies.

Conclusion

HAP recognizes the immense interest in AI and how the technology is likely to shape how providers deliver services and how patients receive treatment in years to come. HAP appreciates the opportunity to provide input to the committees on AI implementation in health care and recognizes the desire to learn more about the use of this complex and rapidly developing technology. HAP is eager to be part of the continuing dialogue to ensure that any future legislative plans provide hospitals with the flexibility to embrace AI technologies while ensuring that patient safety, data privacy, and transparency are prioritized. The future of health care is intertwined with the responsible use of AI, and we look forward to collaborating on approaches that foster innovation while protecting both patients and providers.

PENNSYLVANIA ACADEMY of FAMILY PHYSICIANS

House Health Committee and House Communications and Technology Committee
Joint Informational Hearing on Impact of AI in Healthcare on Value and Quality
Tuesday, February 3, 2026

Testimony of Heather Beauparlant, DO, MBA, FAAFP, PAFP President

Chairs Frankel, Ciresi, Rapp, Ortitay, and Honorable Members of the House Health and Communications and Technology Committees,

On behalf of the nearly 6,000 physicians, residents, and medical student members of the Pennsylvania Academy of Family Physicians (PAFP), thank you for the opportunity to provide testimony on the emerging role of artificial intelligence (AI) in health care and its implications for patient care, workforce sustainability, and health-system performance. This testimony will focus on primary care, specifically family medicine.

Family medicine serves as the foundation of the nation's primary care infrastructure. As demands on clinicians continue to rise, driven by chronic disease burden, administrative complexity, and workforce shortages, AI technologies have begun to play a significant role in supporting clinical operations. These tools offer meaningful opportunities to improve efficiency, enhance diagnostic accuracy, and expand access to care, provided they are implemented responsibly and with appropriate oversight.

The American Academy of Family Physicians (AAFP), in partnership with Rock Health, released a report in June 2025 examining the use of AI and digital health to strengthen primary care. The report, *The Starfield Signal: A Shared Vision and Roadmap for AI in Primary Care*, is available at the following link: www.aafp.org/dam/AAFP/documents/practice_management/ai-road-map.pdf. I'd encourage everyone on the committees to read it.

AI is already being implemented across multiple areas of primary care practice:

- **Clinical Documentation and Administrative Support.** Automated transcription and summarization tools reduce time spent on charting and coding. Early evaluations indicate that AI-assisted documentation can meaningfully decrease

administrative burden, allowing clinicians to redirect time toward direct patient care.

- **Clinical Decision Support.** AI systems assist with risk stratification, guideline-based recommendations, and identification of care gaps. These tools support, but do not replace, physician judgment and are most effective when integrated into existing clinical workflows.
- **Patient Engagement and Access.** Symptom-triage systems, remote monitoring platforms, and virtual assistants help patients navigate care and maintain continuity between visits. Such tools are particularly valuable in rural and underserved communities where access to clinicians is limited.
- **Population Health and Chronic Disease Management.** Predictive analytics help identify high-risk patients, enabling earlier interventions and more efficient allocation of care-management resources.

The use of AI in health care can provide several benefits to patients and health systems. AI, when appropriately governed, can advance several core policy objectives, including:

- **Improved access.** Automated triage and remote monitoring extend the reach of family physicians.
- **Enhanced quality.** Decision-support tools help standardize care and reduce variation.
- **Reduced clinician burnout.** Streamlined documentation and administrative automation support workforce retention.
- **Better care coordination.** AI can integrate fragmented data sources, improving continuity across settings.

Despite its promise, AI comes with risks and policy concerns that may present significant challenges that warrant legislative attention:

- **Data Privacy and Security.** AI systems rely on large volumes of sensitive health information. Strong safeguards are required to ensure responsible data use and prevent unauthorized access.
- **Algorithmic Bias and Equity.** If AI tools are trained on non-representative datasets, they may perpetuate or exacerbate existing disparities in care. Oversight mechanisms must ensure fairness and transparency.
- **Clinical Reliability and Accountability.** AI-generated recommendations must be explainable, evidence-based, and subject to rigorous validation. Clear lines of accountability are essential when AI tools influence clinical decisions.

- **Impact on the Patient–Physician Relationship.** Family medicine is grounded in trust, continuity, and whole-person care. Policymakers should ensure that AI augments—not replaces—the human elements of primary care.

To maximize benefits and mitigate risks, the following actions are recommended:

1. Establish national standards for clinical AI tools, including transparency, validation, and post-market surveillance requirements.
2. Support workforce training to ensure clinicians understand AI capabilities, limitations, and ethical considerations.
3. Promote equitable AI development by requiring diverse datasets and bias-mitigation strategies.
4. Strengthen privacy protections to safeguard patient data used in AI systems.
5. Invest in primary care infrastructure, including interoperability and broadband access, to ensure AI tools can be deployed effectively across all communities.
6. Require transparency to patients when AI is being utilized in the decision-making process by insurers, hospitals and health care providers, as specified in H.B. 1925.
7. Regulate the use of AI, including a requirement that medical decisions and insurance coverage decisions, such as denial of prior authorizations, are made by qualified health professionals and not solely based on AI algorithms, as outlined in S.B. 1113.

AI has the potential to strengthen family medicine by improving efficiency, enhancing clinical decision-making, and expanding access to care. Realizing this potential requires thoughtful policy frameworks that uphold patient safety, protect privacy, and preserve the core values of primary care. With appropriate oversight, AI can serve as a powerful tool to support clinicians and improve health outcomes for families and communities nationwide.

Thank you for your consideration.