



# Artificial Intelligence in Health Care

Senate Bill (SB) 26-189;  
House Bills (HB) 26-1139, 26-1195, 26-1263

## Background:

The legislature passed several bills during the 2026 session establishing new requirements and oversight related to the use of artificial intelligence (AI) and automated decision-making technologies in health care. These laws create new compliance, disclosure, governance, and oversight obligations for entities using AI in clinical, operational, utilization review, and patient-facing settings. To assist hospitals in preparing for implementation and evaluating potential operational impacts, this issue brief summarizes key statutory changes affecting the use of AI technologies in health care delivery and administration.

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## SB 26-189: Automated Decision-Making Technology

The bill repeals and replaces Colorado's existing artificial intelligence law (SB 24-205) and establishes new requirements governing the use of automated decision-making technology (ADMT) in consequential decisions, including decisions related to health care services. Beginning Jan. 1, 2027, developers and deployers of covered ADMT systems must comply with new consumer disclosure, documentation, and record retention requirements.

Under the law, entities using ADMT to materially influence consequential decisions must notify consumers when the technology is used and provide additional disclosures when an adverse outcome occurs. Consumers also have the right to request meaningful human review and correction of inaccurate personal data used by the system. The law applies to covered decisions involving health care, employment, insurance, lending, housing, education, and government services. HIPAA-covered entities and their business associates are generally exempt except for use of a covered ADMT in employment-related decisions or financial assistance eligibility determinations.

A hospital that uses ADMT to determine a patient's eligibility for financial assistance or discounted care must provide the following disclosures to patients:

- A plain language explanation of the decision and how ADMT was used;
- The types of information relied upon in making the determination;
- Information on how patients can request correction of inaccurate personal data; and
- Information on how patients can request meaningful human review or reconsideration of the determination, when applicable.

## What you need to know:

Hospitals and health systems using AI or ADMT in clinical, operational, workforce, or patient-facing settings should review whether any systems may qualify as covered ADMT under the law. This may include tools that materially influence decisions related to health care services, employment, or insurance-related functions.

Hospitals should evaluate current governance, documentation, and oversight practices for AI-enabled technologies and coordinate with information technology, compliance, legal, privacy, human resources, and clinical leadership teams to assess potential applicability of the law's disclosure and consumer rights requirements. Hospitals may also wish to review vendor agreements and technical documentation processes to ensure necessary information is available from technology developers.

Because the Attorney General is required to complete rulemaking before implementation, hospitals should monitor forthcoming guidance and rulemaking activities related to compliance expectations, notice requirements, and enforcement standards.

**Effective date:**

- May 14, 2026: Provisions regarding deployer disclosures, consumer rights and enforcement by the Attorney General
- Jan. 1, 2027: All other sections

**Additional Resources:**

- [SB 26-189 Final Bill](#)
- [SB 26-189 Fiscal Note](#)

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## **HB 26-1139: Use of Artificial Intelligence in Health Care**

The bill establishes requirements governing the use of artificial intelligence (AI) systems in health care utilization review and psychotherapy services. Under the law, AI systems used in utilization review must base determinations on an individual's medical history, clinical circumstances, and other relevant clinical information and may not make discriminatory decisions. A denial or delay of coverage based on medical necessity may not be based solely on the output of an AI system without independent review and approval by a qualified health care professional.

The bill also prohibits public and private payers from covering psychotherapy services conducted by AI systems and prohibits mental health providers from billing for psychotherapy services delivered directly by AI without human oversight. Additionally, entities providing AI systems for utilization review must submit disclosures regarding system use and oversight to applicable state agencies.

**What you need to know:**

Hospitals and health systems using AI-enabled tools for utilization review, behavioral health services, clinical decision support, or administrative operations should review whether current technologies are subject to the law's requirements. Hospitals should assess governance, oversight, and documentation practices related to AI-assisted decision-making, particularly where AI may influence medical necessity determinations or patient care decisions.

Hospitals should also review relationships and agreements with vendors providing AI-enabled technologies to ensure appropriate disclosures, oversight processes, and clinical review requirements are in place. Behavioral health providers and hospital-employed clinicians should evaluate workflows and billing practices to ensure psychotherapy services delivered directly by AI systems are not submitted for reimbursement.

Hospitals may also wish to coordinate with legal, compliance, information technology, utilization review, and behavioral health leadership teams to monitor future rulemaking and implementation guidance from state agencies related to AI oversight and disclosure requirements.

**Effective date:** Jan. 1, 2027

**Additional Resources:**

- [HB 26-1139 Rerevised Bill Text](#)
- [HB 26-1139 Fiscal Note](#)

## HB 26-1195: Psychotherapy Artificial Intelligence Restrictions

The bill establishes restrictions on the use of artificial intelligence (AI) in psychotherapy services and creates consumer protection requirements related to AI-enabled mental health tools. The law prohibits licensed and regulated mental health professionals from allowing AI systems to directly provide psychotherapy services, communicate therapeutically with patients, or generate treatment recommendations without review and approval from a regulated professional.

The bill also requires providers to obtain informed consent before using AI systems to record or transcribe psychotherapy sessions and prohibits entities from advertising or representing AI systems as licensed psychotherapy services. The law permits the use of AI for certain administrative, supportive, or supplementary functions when appropriate professional oversight is maintained.

### What you need to know:

Hospitals and behavioral health providers should review how AI-enabled technologies are currently used in psychotherapy, behavioral health documentation, patient communication, clinical decision support, and administrative workflows to determine whether any practices may be affected by the law. Providers using AI-assisted transcription, note-taking, or documentation tools in psychotherapy settings should review informed consent procedures and documentation practices to ensure compliance with the new requirements.

Hospitals should also evaluate vendor agreements, marketing materials, and internal policies governing behavioral health technologies to ensure AI systems are not presented as substitutes for licensed psychotherapy services. Coordination among behavioral health leadership, compliance, legal, information technology, privacy, and clinical operations teams may be necessary to assess operational impacts and establish appropriate oversight protocols for AI-assisted tools used in mental health settings.

### Timeline:

Effective Date: Aug. 12, 2026

### Additional Resources:

- [HB 16-1195 Rerevised Bill Text](#)
- [HB 26-1195 Fiscal Note](#)

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## HB 26-1263: Conversational Artificial Intelligence Service Operator Requirements

The bill establishes consumer protection requirements for operators of conversational artificial intelligence (AI) services that are accessible to the public and designed to simulate human conversation or interaction. Beginning Jan. 1, 2027, operators must provide certain disclosures to users, implement protocols related to suicidal ideation and self-harm prompts, and comply with additional safeguards for minors.

The law also prohibits operators from representing AI-generated outputs as equivalent to services provided by licensed professionals, including mental health professionals. Violations of the law constitute deceptive trade practices enforceable by the Colorado Attorney General.

### What you need to know:

Hospitals and health systems using or providing access to conversational AI tools in patient-facing, behavioral health, customer service, or educational settings should review whether any technologies may be subject to the law's disclosure and operational requirements. This may include chatbot tools, virtual assistants, symptom support tools, or AI-enabled communication platforms accessible to patients or the public.

Hospitals should also review vendor agreements, patient communications, behavioral health protocols, and technology governance policies to ensure conversational AI tools are not represented as licensed clinical or psychotherapy services and that appropriate escalation and crisis response protocols are in place where applicable.

Organizations using conversational AI tools that may interact with minors should evaluate privacy settings, disclosure practices, and safeguards related to youth engagement and emotionally manipulative interactions. Coordination among compliance, legal, information technology, privacy, behavioral health, and patient experience teams may be necessary to assess operational impacts and implementation responsibilities.

**Timeline:**

- Effective Date: Aug. 12, 2026

**Additional Resources:**

- [HB 26-1263 Rerevised Bill Text](#)
- [HB 26-1263 Fiscal Note](#)