

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 883

(Delegate Qi, *et al.*)

Economic Matters and Health

Finance

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Consumer Protection - Artificial Intelligence - Behavioral Health Care  
Prohibitions

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This bill prohibits a “developer” from making (or knowingly causing artificial intelligence (AI) to make) any representation or statement that explicitly or implicitly indicates that the AI is (1) a behavioral health care provider or (2) capable of providing behavioral health care. The bill also prohibits a developer from offering, selling, leasing, giving, or otherwise providing to consumers in the State, AI that is specifically programmed or designed to provide a service or an experience that would constitute the practice of behavioral health care if provided by a behavioral health care provider. AI sold, leased, given, or otherwise provided to a consumer in the State must include a specified notice and adhere to certain protocols. Violation of the bill is an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act (MCPA), subject to MCPA’s civil and criminal penalty provisions. The Office of the Attorney General (OAG) may investigate and bring an action against any person for an alleged violation of the bill. Penalty revenues must be distributed to the Behavioral Health Workforce Investment Fund, as specified.

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**Fiscal Summary**

**State Effect:** General fund expenditures increase, at least minimally beginning in FY 2027, for OAG to enforce the bill, as discussed below. Special fund revenues *may* increase minimally to the extent successful enforcement actions are taken under the bill.

**Local Effect:** The bill’s imposition of existing penalty provisions does not have a material impact on local government finances or operations.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** “Behavioral health care provider” means an individual who is licensed or otherwise authorized to provide behavioral health care services under the Health Occupations Article and includes (1) a counselor; (2) a psychiatrist or other licensed physician; (3) a psychologist; (4) a social worker; (5) a therapist; and (6) a nurse practitioner.

“Developer” means a person that offers for sale, sells, leases, gives, or otherwise provides AI to a consumer in the State.

AI regulated under the bill’s provisions must include clear and conspicuous notice that the consumer is not communicating with a human (displayed at the beginning of each use) and include protocols that (1) take reasonable steps to detect and address suicidal ideations or expressions of self-harm by a consumer and (2) refer the consumer to behavioral health services or the Maryland Behavioral Health Crisis Response System’s services when the AI detects a consumer’s suicidal ideations or expressions of self-harm.

The bill may not be construed to prohibit (1) any advertisement, statement, or representation for (or relating to) any product meant to provide advice and guidance relating to behavioral health if the product does not claim to offer or provide behavioral health care or (2) a behavioral health care provider from offering or operating AI programmed or designed to be used to support administrative tasks.

**Current Law:** “Behavioral health” includes substance-related disorders, addictive disorders, and mental disorders. “Behavioral health care” includes prevention, screening, early intervention, treatment, recovery, support, wraparound, and rehabilitation services for individuals with substance-related disorders, addictive disorders, mental disorders, or a combination of these disorders.

### *Behavioral Health Workforce Investment Fund*

The Behavioral Health Workforce Investment Fund was established to provide reimbursement for costs associated with educating, training, certifying, recruiting, placing, and retaining behavioral health professionals and paraprofessionals. It consists of money appropriated in the State budget, interest earnings, and any other money from any source accepted for the benefit of the fund. Each year, the Maryland Department of Health must report, for the immediately preceding fiscal year (1) the amount of funds transferred and distributed from the fund; (2) the number of behavioral health professionals and paraprofessionals educated, trained, recruited, certified, placed, or retained with money from the fund, aggregated as specified; (3) the amount of any unspent funds; and (4) the reason why any unspent funds were not spent.

## *Artificial Intelligence*

Under the Insurance Article, “AI” means an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments.

For additional information on the status of AI in the State and nation, please see the **Appendix – Artificial Intelligence**.

## *Maryland Consumer Protection Act*

An unfair, abusive, or deceptive trade practice under MCPA includes, among other acts, any false, falsely disparaging, or misleading oral or written statement, visual description, or other representation of any kind which has the capacity, tendency, or effect of deceiving or misleading consumers. The prohibition against engaging in any unfair, abusive, or deceptive trade practice encompasses the offer for or actual sale, lease, rental, loan, or bailment of any consumer goods, consumer realty, or consumer services; the extension of consumer credit; the collection of consumer debt; or the offer for or actual purchase of consumer goods or consumer realty from a consumer by a merchant whose business includes paying off consumer debt in connection with the purchase of any consumer goods or consumer realty from a consumer.

The Consumer Protection Division is responsible for enforcing MCPA and investigating the complaints of aggrieved consumers. The division may attempt to conciliate the matter, issue a cease and desist order, or file a civil action in court. A merchant who violates MCPA is subject to a fine of up to \$10,000 for each violation and up to \$25,000 for each repetition of the same violation. In addition to any civil penalties that may be imposed, any person who violates MCPA is guilty of a misdemeanor and, on conviction, is subject to a fine of up to \$1,000 and/or imprisonment for up to one year.

**State Expenditures:** OAG advises that it requires additional staff to investigate and enforce the bill. Specifically, OAG anticipates the need for one assistant Attorney General and one technologist, with estimated personnel expenditures of more than \$334,800 on an annual basis.

The Department of Legislative Services (DLS) acknowledges that enforcement of the bill is likely to require specialized knowledge of the relevant industries. This analysis assumes, therefore, that OAG incurs at least minimal contractual costs to facilitate training and the development of technical expertise. However, DLS advises that without experience under the bill, it is unclear to what extent developers will be noncompliant and whether there will be a significant enough volume of related complaints to necessitate additional staff. To the

extent OAG receives a significant number of complaints from consumers under the bill that it is unable to handle with existing staff, OAG may request additional resources through the annual budget process.

**Additional Comments:** Although the bill specifies that penalty revenues must be deposited into the Behavioral Health *Workgroup* Investment Fund, this analysis assumes the requirement applies to the Behavioral Health *Workforce* Investment Fund, as established under Section 10-1502 of the Health-General Article.

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### **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Office of the Attorney General (Consumer Protection Division); Maryland Department of Health; Department of Legislative Services

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## Appendix – Artificial Intelligence

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### *Artificial Intelligence – Generally*

Artificial intelligence (AI) is a broad field of computer science that deals with the creation of “intelligent” systems that can reason, learn, and act autonomously. There are many different branches of AI, each with its own focus and set of techniques, such as machine learning, neural networks, robotics, expert systems, fuzzy logic, and natural language processing. AI research has been successful in developing algorithms for solving a wide range of problems, from game playing to conversation simulation.

AI use has expanded significantly in recent years. Many of the largest technology companies have each developed their own AI systems and have integrated the systems into their respective companies’ products and services. AI’s ability to quickly synthesize and summarize vast amounts of data and apply the results have made it a useful tool in modern society while also raising questions about its use. The following list briefly describes a few of the impacts of and issues surrounding AI.

- Related to education, AI may have potential benefits to help tutor or otherwise provide additional resources to assist students in their studies. However, some students use AI to cheat on their schoolwork;
- Related to energy use, the significant power draw necessary to run the data systems that host AI systems has contributed to localized energy shortages and increased energy costs;
- Regarding environmental issues, these data centers require a significant amount of water for cooling and increasingly have been using freshwater resources for this purpose;
- Related to criminal justice, AI image and video generation systems can be used to make “deep fake” pictures and videos that may be difficult or impossible to differentiate from actual events;
- AI’s reliance on information from the internet has raised concerns regarding the accuracy of AI-generated content as well as copyright infringement and data privacy.
- Related to health, AI is being used to assist doctors in developing medical diagnoses, but is also being used by insurance companies to screen requests for care and claims;
- Related to labor and employment, the expansion of AI has led to concerns about employees being replaced by AI systems as a means to save money on labor costs.

### *Governance at the State Level*

The State defines AI as a machine-based system that (1) can, for a given set of human-defined objectives, make predictions, recommendations, or decisions influencing real or virtual environments; (2) uses machine and human-based inputs to perceive real and virtual environments and abstracts those perceptions into models through analysis in an automated manner; and (3) uses model inference to formulate options for information or action. At the State level, AI is governed primarily by the Department of Information Technology (DoIT) and the Governor's AI Subcabinet. This governance structure was established by Chapter 496 of 2024 and, broadly speaking:

- requires DoIT to adopt policies and procedures, in consultation with the Governor's AI Subcabinet, concerning the development, procurement, deployment, use, and ongoing assessment of systems that employ high-risk AI by a unit of State government;
- prohibits units of State government from procuring or deploying a new system that employs AI unless the system complies with the policies and procedures adopted by DoIT;
- requires each unit of State government to conduct a data inventory to identify data that meets criteria established by the Chief Data Officer and that is (1) necessary for the operations of the unit or otherwise required to be collected as a condition to receive federal funds or by federal or State law and (2) in a form prescribed by the Chief Data Officer, including when the data is used in AI; and
- requires each unit of State government to conduct an inventory of systems that employ high-risk AI.

Most recently, DoIT and the subcabinet have released the [2025 Maryland AI Enablement Strategy & AI Study Roadmap](#), which includes plans for studying opportunities, risks, and next steps associated with the use of AI in State services. Additionally, in November 2025, the Governor's Office announced a [State partnership](#) with two AI companies to integrate certain AI systems into a portion of the State's workforce.

### *Other Recent State Laws and Policies*

In addition to the direct governance effectuated by Chapter 496, various other laws and policies address some of the issues posed by AI.

Chapter 105 of 2025 established the Workgroup on AI Implementation to monitor issues and make recommendations related to AI, including (1) the regulation of AI used in decisions that significantly impact the livelihood and life opportunities of individuals in the State; (2) deployer and developer obligations related to labor and employment and

protection of individual privacy rights; (3) protection of consumer rights; (4) current private sector use of AI; (5) general AI disclosures for all consumers; (6) enforcement authority for the Office of the Attorney General's Consumer Protection Division; and (7) the impact of the use of AI in the determination of government benefits. The first report from the workgroup is due July 1, 2026.

Chapter 747 of 2025 requires a carrier (*i.e.*, insurance company or another organization that provides health benefit plans), pharmacy benefits manager, or a private review agent that uses AI, algorithms, or other software tools for utilization review (including working through an entity that uses such tools) to ensure that such tools are used in a specified manner. Notably, the Act specifies that an AI, algorithm, or other software tool may not deny, delay, or modify health care services and that carriers must submit in their quarterly appeals and grievance reports whether an AI, algorithm, or other software tool was used in making an adverse decision.

Chapter 17 of the 2025 special session established an AI Evidence Clinic Pilot Program in the Administrative Office of the Courts to provide expertise in AI to the circuit courts and the District Court in the form of expert testimony on the authenticity of electronic evidence that a court determines may have been created or altered using AI.

Regarding education, the Maryland State Department of Education has begun an [AI initiative](#) to develop policies and procedures for AI use by students and teachers. Additionally, Chapter 237 of 2025 specifies that, for school years 2025-2026 through 2027-2028, certain requirements for the procurement and use of digital tools to assure equivalent access to technology for students with disabilities do not apply to digital tools that use AI.

### *Federal Action*

The National Artificial Intelligence Initiative Act of 2020 became law on January 1, 2021. The aim of the Act is to promote U.S. leadership in AI research and development with the goal of accelerating the nation's economic prosperity and national security through the development and use of trustworthy AI in the public and private sectors and preparation of the workforce for the inevitable integration of AI systems. This multi-agency initiative has included work by the U.S. Department of Energy, in consultation with the National Institute of Standards and Technology, to develop the AI Risk Management Playbook as a reference guide to support responsible and trustworthy AI use and development. Though not a binding document, the playbook addresses common AI risks and steps that AI leaders, practitioners, and procurement teams can take to manage data privacy and bias risks.

Other Executive Orders guiding and governing AI use of the federal level signed during the previous administration were revoked under the current administration. Moreover, an

[Executive Order signed in December 2025](#) generally expresses the federal government's attempt to preempt State AI laws and regulations, directs certain federal agencies to penalize states that are found to not be in compliance with the preemption, and directs certain federal entities to prepare a legislative recommendation establishing a uniform federal policy framework for AI that preempts state AI laws.