

AHA Asks Congress, Trump Administration To Stop Insurers From Falsely Accusing Providers Of AI Upcoding

Sep 8, 2026, 4:44 PM EDT

(Inside Health Policy)

The American Hospital Association (AHA) is urging Congress and the Trump administration to stop private insurers from falsely accusing providers of using AI in their coding to increase reimbursement -- accusations that AHA claims are widespread and force clinicians to engage in a burdensome appeals process to be paid for services their patients need.

AI tools are helping to alleviate burden on clinicians, according to an AHA fact sheet, with tasks like billing, coding and documentation, which the group says can also improve accuracy and expand appointment capacity. AHA calls out commercial insurers for making what it says are unsubstantiated claims that AI tools have increased coding intensity and therefore led to higher health care costs.

"These claims not only ignore the numerous underlying drivers of changes in coding intensity, including an aging patient population, but also overlook the legal, ethical and contractual obligations on hospitals to ensure appropriate coding," AHA wrote. "Hospitals are increasingly caring for patients with higher acuity, a trend that is appropriately reflected in provider coding practices."

Drivers of acuity include an aging population, an increase in prevalence of chronic disease and a shift of less complex care to outpatient settings, according to AHA. Providers are mandated through legal, ethical and contractual obligations to ensure proper coding.

Some commercial insurers, according to AHA, have accused providers of upcoding inappropriately and then reduced reimbursement rates on services that have already been delivered. The "downcoding programs" use automated edits to reduce reimbursement without reviewing medical documentation.

"In other words, some insurers are using automated tools to partially deny claims, forcing providers to engage in burdensome and costly appeals to be reimbursed," AHA wrote in the fact sheet. "Such actions often result in the plan overturning its own initial partial denial, further evidence of the incredible administrative waste and burden these actions create in the healthcare system. At the same time, many

of the same insurers that have instituted such downcoding programs have themselves argued that their enrollee populations are sicker and in need of more services for purposes of their own payments.”

AHA said insurers want it both ways: a sicker patient population for health plan risk scores but a healthier population when it is time to reimburse health care claims.

AHA added that AI can enhance precision and consistency within coding frameworks that would still include human validation.

"Lawsuits, investigations and reports from the Medicare Payment Advisory Commission (MedPAC), the Department of Justice (DOJ) and Congress have documented upcoding practices among many of the large insurers, like adding diagnosis codes that may not be supported by clinical care," AHA wrote. "The fact that commercial insurers are now attributing upcoding concerns to providers is at odds with a substantial body of evidence documenting plan-led upcoding practices." -- *Cara Smith* (csmith@iwpnews.com)