The Triumphs and Tribulations of AI in a Value Based Care World

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Learning Objectives

At the conclusion of this program, attendees should be able to:

1. Describe the current state of use of AI in PALTC, including ambient documentation, chart summarization, transitions-of-care support, and medication reconciliation, and the core principles for using these tools safely.

2. Apply AI to produce accurate, real-time clinical documentation and chart summaries that reduce documentation burden, improve note accuracy and completeness, and support value-based care, while applying appropriate human review of AI-generated content.

3. Use AI tools to support safer transitions of care and medication reconciliation, identifying discrepancies and risks as residents move between settings, while recognizing the limitations and failure modes that require clinician oversight.

4. Use AI in a way that fosters public trust, addresses bias and equity, protects resident privacy and rights, and aligns with applicable governance frameworks, values, regulations, and laws.

Fun Fact:

In 1966, MIT's ELIZA chatbot was little more than pattern-matching — yet some users insisted it truly understood them. Six decades later, we're still learning how much to trust a machine that sounds confident.

What is Artificial Intelligence?

Definition: The simulation of human intelligence processes by machines.

Core Domains:

- Machine Learning (ML)
- Natural Language Processing (NLP)
- Large Language Models (LLMs)
- Predictive Analytics
- Ambient & Agentic AI (new this year)

From Turing to Today: AI's Trajectory

- 1950s: Birth of AI – Alan Turing proposes the Turing Test
- 1980s: Expert Systems – Rule-based decision aids in medicine
- 2000s: Machine Learning Boom – Data-driven predictive models
- 2010s: Deep Learning Era – Neural networks mimic human brain function
- 2020–2024: Generative AI – ChatGPT, medical note summarization, and more
- 2025–2026: Ambient scribes go mainstream as does AI governance, litigation, and state regulation

Fun Fact:

The first AI program to diagnose illness was written in 1972 — it took 8 minutes to process one patient. Today's ambient AI scribes can draft a note in about the time it takes to say goodbye.

AI in Healthcare Today

Where the Pain Points Are

- Clinical Documentation: Ambient scribing has moved from pilot to mainstream — with new questions about consent and accuracy
- Predictive Analytics: Readmission risk, pressure injury prevention, Compliance
- RCM: Risk Adjustment and Coding
- Medication Management: Polypharmacy alerts, deprescribing assistance
- Workflow Optimization: Task prioritization, communication
- Resident Monitoring: Falls, sleep, cognitive changes

AI Governance: Inventory & Policy

Start with an AI inventory:

- Catalog every AI tool in use — clinical and administrative, vendor and homegrown
- Note what data each tool touches and who is accountable for it
- Review the inventory at least annually — new tools appear fast

Then Build an Acceptable Use Policy:

- Define what's allowed, what needs approval, and what's off-limits
- Set expectations for verifying AI output before it enters the record
- Specify consent and disclosure requirements for residents and families
- Review and update the policy as tools and regulations evolve

Data Accuracy, Hallucinations & Privacy

- AI can hallucinate: confident, plausible, and wrong — especially in generated clinical notes
- Data accuracy starts with human verification — every AI-generated note or summary needs clinician review before it’s finalized
- Privacy and security don’t end at HIPAA compliance — vendors must be vetted for how they store, train on, and secure resident data.
- The goal isn’t zero risk — it’s knowing where the risk lives and building checks around it.

Cognitive Surrender

”The point at which a clinician stops questioning what the AI produced — and simply signs it.”

Beyond Myths: The Leaders Pushing AI Forward

- IBM's CEO, Arvind Krishna, reported that while AI has replaced **several hundred HR roles**, the company has simultaneously increased hiring in areas like **programming and sales** that require **human judgment and creativity**.
- Salesforce has reallocated **500 employees to data-centric roles** due to **AI handling routine customer support tasks**.
- Nvidia CEO Jensen Huang **emphasized that individuals risk job loss** not to AI directly, but to peers who adeptly **utilize AI tools**.

The Real Story of AI in Action

When AI is introduced, many feared it would lead to sweeping job losses. But here's what actually unfolded:

- ✨ **The so-called "freed up" resources?**
- ✨ **The "extra capacity"?**
- ✨ **And those "redundant" roles?**

AI didn't replace people

The true risk isn't being replaced by AI—it's being left behind by those who know how to use it.

Myth: AI is neutral and unbiased

Reality: AI reflects the data — and the people — behind it. Vet vendors and ask about bias testing.

AI in Post-Acute & Long-Term Care

Applications:

- Chronic Condition Management: Predicting exacerbations
- Staffing Optimization: Scheduling to reduce burnout
- Quality Improvement: Trend analysis from MDS and EHR data
- Resident Safety: Fall detection, behavioral monitoring
- Education: Clinical decision support & just-in-time learning

Responsible & Ethical AI Use

Principles:

- Transparency: Know when AI is assisting
- Bias Mitigation: Reflect diverse populations
- Privacy & Security: HIPAA-compliant design
- Clinical Oversight: AI augments, not replaces, human judgment

AI should extend the clinician’s empathy, not erode it.

Ambient Digital Scribe & NLP

- Ambient scribes use NLP to turn natural conversation into a structured clinical note in real time.
- Documentation time drops — but every note still needs clinician review before it’s finalized.
- Accuracy risk lives in the details: missed context, mis-transcribed medications, absent nuance.
- Risk mitigation: pair the technology with clear consent, audit trails, and a human final check.

Video Sensing Systems & Consent

Questions Worth Asking:

- What is the system actually detecting — falls, wandering, vitals — and where does that data go?
- Have residents and families been told, in plain language, what it does?
- Is there a standard consent script your staff can use consistently?
- Who reviews flagged events, and how quickly?

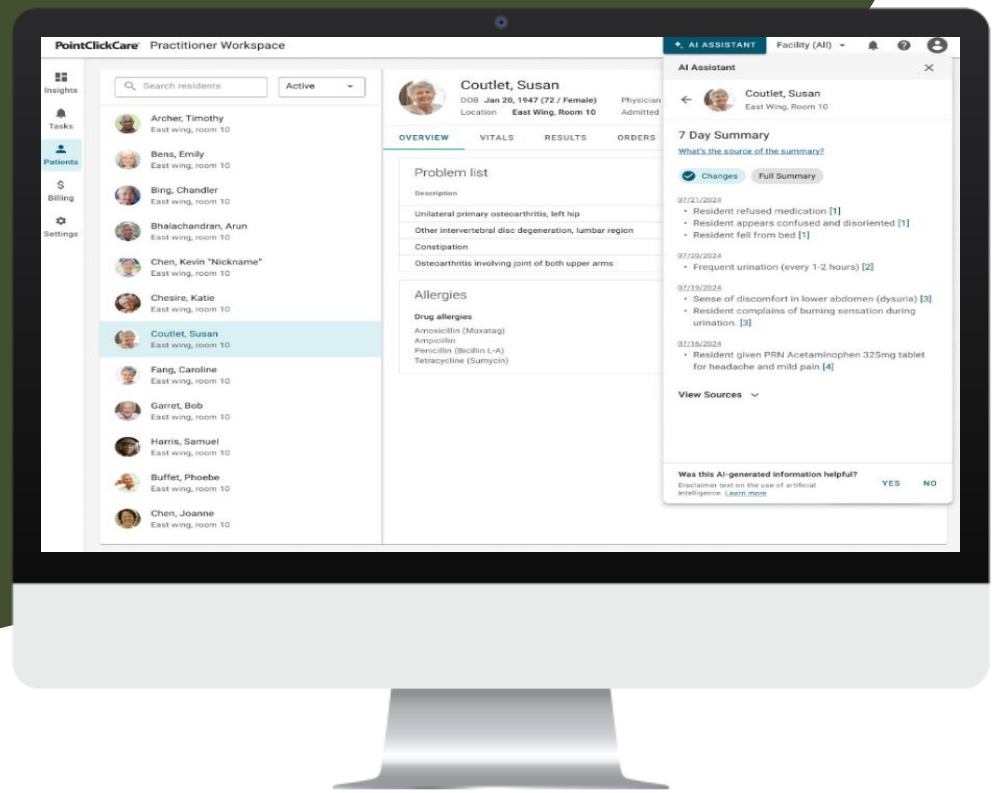
A consistent consent script protects residents — and your organization.

The Road Ahead: Education & Oversight

What's Next:

- Clinical Education: Training the next generation to supervise AI, not just use it
- Multimodal AI (EHR, voice, image data) — and more surface area for legal scrutiny
- Clinical governance for safe, well-documented deployment

Chart Auditing, Summarization & Coding



- Summarize – condense lengthy charts for faster, more thorough review
- Audit – flag documentation gaps and coding inconsistencies early
- Predict – surface reimbursement and compliance risk tied to VBC performance

Your Role

- Embrace AI as a clinical partner — with eyes open
- Know your state's consent and disclosure requirements
- Ask what's in your organization's AI inventory

How to Get Started

- Identify pain points (documentation, meds, coding)
- Pilot AI tools in low-risk workflows, with human review built in
- Build or review your acceptable use policy
- Partner with vendors who can answer your consent and liability questions

AI will not replace clinical judgment—but clinicians who learn to use it safely will work differently.

What can we do as leaders?

New Mandate for AI Transformation

How can leaders be successful in this transformation…

- Elevating your mindset
- See AI as a partner, not a threat
- Foster curiosity over fear
- Encourage experimentation over perfection
- Make space for reflection, learning, and growth

The Legal & Regulatory Landscape

New State AI Regulations in Healthcare

What's Changing State by State:

- A growing number of states require disclosure when AI is used in clinical decisions or documentation
- Some laws mandate human review before AI-generated content enters the medical record
- Definitions of "AI in healthcare" vary widely — compliance is not one-size-fits-all
- Expect more state activity before comprehensive federal guidance arrives

Know your state's rules — they're changing faster than the technology.

Informed Consent & Ambient Scribes

What Consent Should Cover:

- Disclosure: Residents and families know when an AI tool is listening or drafting notes
- Scope: What data is captured, how long it’s retained, and who can access it
- Opt-Out: A real, workable alternative for anyone who declines
- Documentation: Consent is captured and auditable — never assumed

Consent isn’t a checkbox — it’s how trust is earned.

Legal Cases & Professional Liability

What's Already in Court:

- **Mayo Clinic (2026):** A former AI compliance lead alleges she was fired for whistleblowing on a hidden 67% error rate in Mayo's AI assistant and bypassed IRB review — suit invokes the False Claims Act
- **Sutter Health, MemorialCare & Sharp HealthCare (2025–2026):** Class actions allege ambient AI scribes recorded visits without adequate consent — one suit even alleges the AI auto-inserted false consent language into charts
- **UnitedHealth / naviHealth (ongoing):** A federal court let breach-of-contract claims proceed over the nH Predict algorithm, alleged to override physician judgment on post-acute care coverage — with a 90% appeal-reversal rate

Different theories — documentation, consent, coverage — but the same question: who's accountable when the tool is wrong?

UNPACKING THE MAYO CLINIC LAWSUIT

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Healthcare organizations are racing to integrate artificial intelligence into clinical care and research. A newly filed lawsuit against Mayo Clinic highlights the legal and compliance risks that arise when that race allegedly outpaces internal oversight.

On July 6, 2026, a former Director of Research Operations filed a federal lawsuit against Mayo Clinic. The plaintiff, who served as an AI compliance lead, claims she was systematically demoted and ultimately fired after repeatedly warning leadership about AI compliance failures. According to the complaint, the health system skirted internal review processes and masked significant error rates to maintain a competitive advantage.

Lawsuit Alleges AI Platform Illegally Recorded Patient-Clinician Conversations

Posted By Steve Alder on Apr 14, 2026

A lawsuit has been filed in the U.S. District Court for the Northern District of California against two healthcare organizations over their use of an AI-based tool that records conversations between patients and clinicians and transmits the audio files externally for processing and transcription. The lawsuit names the California nonprofit public benefit corporations Sutter Health and Memorial Healthcare Services as defendants, and alleges that their use of the tool violates the California Invasion of Privacy Act (CIPA), California Confidentiality of Medical Information Act (CMIA), California Unfair Competition Law, Federal Wiretap Act, and constitutes invasion of privacy – intrusion upon seclusion.

UnitedHealth uses AI model with 90% error rate to deny care, lawsuit alleges

For the largest health insurer in the US, AI's error rate is like a feature, not a bug.

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Federal AI Oversight: The WISeR Model

Medicare's AI Prior Authorization Pilot:

- CMS's WISeR model uses AI vendors to review prior authorization requests for select services in Traditional Medicare — not just Medicare Advantage
- A September 2026 FOIA release showed vendors routinely missed the 72-hour turnaround standard — one request went unanswered for 83 days
- Vendors are paid a share of averted spending — a built-in financial incentive to deny
- Congress tried to repeal it in July 2026; the Senate rejected that resolution 46–50 — the model runs through 2031, documented problems notwithstanding

Reports about delays and denials raise important questions about patient impact and oversight, yet the pilot remains in place.

Cybersecurity Risk: AI Vendors as a New Attack Surface

The Case: Xsolis (2026)

- Xsolis, an AI-powered case management and utilization review vendor, was breached via a targeted phishing attack in January 2026
- 1.4 million patient records were exposed across the health systems it serves — including Mayo Clinic, UW Medicine, and Legacy Health
- The AI itself wasn't hacked — a single phished employee was the entry point, proof that workforce training matters as much as the algorithm
- Every new AI vendor is a new door into your data — whether or not the AI was ever the target

Your AI governance program isn't complete until it includes vendor cybersecurity vetting.

The Bigger Picture

- If you were advising a PALTC clinical leader on one contract clause to insist on with every AI vendor, what would it be?
- What's the one piece of documentation you wish every facility had in place before it deployed a new AI tool?
- When something goes wrong, how do courts tend to divide responsibility between the facility, the clinician, and the vendor?
- What's a question you wish more clinical leaders asked before rolling out AI — and almost none of them do?

Thank you!