News and Perspectives

The First Lawsuits at the Center of Medical AI Adoption

Simon Spichak, JMIR Correspondent

Abstract

As AI enters nearly every aspect of the health care journey—from research to intake to insurance claims—new questions around responsibility and liability are being raised. In this *News and Perspectives* article, JMIR Correspondent Simon Spichak reports on some of the early lawsuits emerging around medical AI.

Key Takeaways:

- Lawsuits concerning ambient AI recordings raise questions over consent and access.
- A whistleblower lawsuit could influence AI compliance systems at major health care institutes.
- An ongoing case involving wrongful insurance denial aims to hold insurance companies accountable for their use of faulty AI tools.

"A computer can never be held accountable; therefore a computer must never make a management decision." This oft-repeated quote, which originates from a 1979 IBM training manual, is now resurfacing as AI algorithms are becoming widely adopted by hospital administrators, clinicians, insurance companies, and patients.

When the use of an AI system results in a mistake, there is, as yet, no specific framework for adjudicating responsibility. Is the algorithm's developer, the administrator who implemented the system, the end user, or a combination of them to blame when something goes wrong? Some of the first medical AI lawsuits in the United States may offer a glimpse into the future.

> *These cases represent ongoing disputes over consent, oversight, and the risks of overriding or replacing humans within the AI loop.*

Who Has Access to Ambient Data?

The largest health systems in the United States are increasingly adopting ambient AI for note-taking. Researchers have raised concerns that hallucinations from these ambient systems may pollute electronic health records, and studies so far suggest only modest time savings.

In April 2026, a class action lawsuit was filed in the US District Court for the Northern District of California against three health care organizations using ambient listening tools. The developer—Abridge AI—is not listed as a defendant. The plaintiff alleges that health care staff did not inform them that their private conversations were being recorded. The lawsuit is ongoing.

A state-level lawsuit (Case #26-2-01587-06) filed by a patient of the Vancouver Clinic, meanwhile, was recently ruled on in Washington. Plaintiff Gail Renee Raphael requested the audio of a recorded telehealth visit, in which the physician informed her that they would no longer be her doctor. When she requested the audio, the clinic initially refused but ultimately provided the audio ahead of the lawsuit.

The judge ruled that the audio recording, which was created by an ambient AI developed by the DAX system, did not need to be shared with patients seeking access to their health care information. Since these recordings were used for "administrative purposes," that is, as documentation aids—akin to preliminary handwritten notes or dictation—they are not considered part of the patient's official medical record and, as such, are exempt from disclosure.

The judge also noted that there is an exception where, if specific records requested by a consumer in Washington are maintained by a third party rather than the health care provider, the provider is not required to make them available.

These lawsuits are among the first to wrestle with informed consent and access to health records in relation to AI scribes at the state and federal level.

Blowing the Whistle

In July 2026, Mayo Clinic's ex-research director and AI compliance lead Traci Tamiko Eto filed a lawsuit against Mayo Clinic in federal court, alleging that the organization retaliated against her for raising concerns about their AI

implementation and oversight. This culminated, the lawsuit alleges, in an unlawful termination, violating both the Americans with Disabilities Act and the Family and Medical Leave Act.

"The alleged misconduct involves the most simultaneously dangerous and exciting sector of innovation in the 21st Century economy: the boom in artificial intelligence," the complaint notes.

In 2024, Eto first raised concerns that the deidentification of patient data, which were shared with global providers, was not properly reviewed through Mayo Clinic's institutional review board (IRB) process. She alleged that her supervisor did not challenge the substance of the concerns and responded that revisiting the process would "jeopardize the pace" of research projects and impact Mayo Clinic's "competitive advantage."

According to the complaint, in the following months, Eto flagged several instances where supervisors bypassed the IRB, including the implementation of a "high-risk investigational medical device to perform cardiac surgery." Eto also raised concerns about Mayo Clinic's digital assistant MAYA, alleging that the developers altered the outcomes, compromised data security, and tried to disguise a 67% error rate. Ten separate whistleblower reports allegedly raised similar concerns about the tool.

Eto's position was eliminated in September 2025 as she was returning from medical leave, and she was passed over for other internal roles despite reportedly "stellar" performance reviews. Mayo Clinic has disputed the lawsuit and its allegations, and they renewed a motion to dismiss the lawsuit on September 2, 2026. On October 22, 2026, the motion was moved, argued, and taken under advisement.

The results of the Mayo Clinic lawsuit may impact how large hospital systems oversee and implement AI and, potentially, whether others blow the whistle in the future.

Insurance Claim Denial

When a claim is filed, it is first assessed by the insurance company. Not all in-network claims are green-stamped; in 2024, major US insurers denied 8%-25% of these claims. When claims are rejected, patients and providers turn to internal appeals, where a medical consultant employed by the insurance company provides a second opinion. Although less than 1% of rejections were appealed, around one-third of these rejections were overturned internally. The process can be controversial, as some states allow these consulting doctors to remain anonymous during the appeal, making doctors uncertain whether the consultant has the expertise to adjudicate.

Doctors have increasingly been using AI to help file insurance claims, while insurance companies are using similar tools to assess them, adding another layer of complexity to the process. An ongoing lawsuit centers on adjudicating whether the AI used by insurance companies is overriding and replacing clinician decisions and what happens when its determination leads to the denial of care.

In 2023, a federal lawsuit filed by the families of two deceased Medicare Advantage members alleged that UnitedHealthcare illegally deployed an AI tool that predicted how long patients might need in postacute care and cut off coverage based on the algorithmic predictions rather than the advice of medical professionals. "Relying on the nH Predict AI Model, Defendants purport to predict how much care an elderly patient 'should' require, but overrides real doctors' determinations as to the amount of care a patient in fact requires to recover," the lawsuit alleges.

UnitedHealthcare, as well as the developers of the nH Predict tool, naviHealth, are listed among the defendants. UnitedHealthcare denies these allegations and argues that these tools do not ultimately decide how much care a patient will receive.

Plaintiffs allege that UnitedHealthcare knew the tool had a 90% error rate, stemming from the number of appealed denials that were later reversed. naviHealth, which has now rebranded to Home & Community Care, has disputed the claims. A trial date is set for February 7, 2028, and this trial may be the first to rule on responsibility within the context of AI-assisted medical insurance denials.

Adjudicating Consent, Ownership, and Harm

These cases represent ongoing disputes over consent, oversight, and the risks of overriding or replacing humans within the AI loop. The time it takes for many of these cases to go through the court system means that it may take years for some of these cases to set precedents.

In the coming years, as more such trials reach the state and federal courts, the question of how to hold medical AI systems and their users accountable, as well as the limitations of current legal frameworks, will become more clear.

Keywords: artificial intelligence; AI scribes; documentation; medical informatics; health insurance claims; insurance claim review; risk management; medical legislation

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