



**AGREEMENT BETWEEN THE OFFICE OF ARTIFICIAL INTELLIGENCE POLICY,
THE DIVISION OF PROFESSIONAL LICENSING, MAGIC HEALTH, INC, AND
MAGIC HEALTH SERVICES, LLC.**

Section 1. Parties

A. The Office of Artificial Intelligence Policy created in Utah Code § 13-72-201, an office within the Utah Department of Commerce (hereinafter “Office”).

B. The Division of Professional Licensing, a division within the Utah Department of Commerce (hereinafter “Division”).

C. Magic Health, Inc. and its subsidiary, Magic Health Services, LLC, doing business as “Nolla Health” (jointly hereinafter “Participant”).

Section 2. Commencement Date and Participation Period

A. This Agreement shall be effective for twelve (12) months beginning on the Commencement Date.

B. The Commencement Date shall be the date on which Participant makes the AI technology available to customers and delivers written notice to the Office that the AI technology is available.

Section 3. Purpose and Authority

A. The Office is a state agency with the authority to create and administer the Artificial Intelligence Learning Laboratory Program (Utah Code. § 13-72-301).

B. The Office may, in consultation with relevant agencies, negotiate and grant limited regulatory mitigation agreements to further the purposes of the Artificial Intelligence Learning Laboratory Program (Utah Code § 13-72-401).

C. The Division is a state agency that administers and enforces all licensing laws of Title 58, Occupations and Professions (Utah Code § 58-1-103).

D. Participant has applied to the Office for this regulatory mitigation and the applicant’s final proposal and safety protocol is incorporated in Schedule B of this Agreement (hereinafter referred to as the “Proposal”).

E. This agreement is a grant of regulatory mitigation only and does not constitute an endorsement or approval from the State of Utah or any of its political subdivisions of Participant's use of artificial intelligence technologies.

Section 4. Scope of Mitigation

A. The Office, in consultation with the Division, grants regulatory mitigation to Participant's provision of services using artificial intelligence technologies solely as outlined in the Proposal. The term of this Agreement, along with the term of any subsequent agreement extensions, shall constitute Participant's demonstration period.

B. The demonstration period and accompanying mitigation specified in Schedule A shall become effective on the Commencement Date, provided that, prior to or on such date, this Agreement has been signed by all parties.

C. Participant is subject to all applicable Federal, State, and local laws not expressly waived or modified by the terms of this Agreement, including any changes to existing law during the demonstration period (Utah Code § 13-72-401(7)). If relevant laws change during the demonstration period and affect the enforceability of any provision of this Agreement, the Office may require the parties to amend this Agreement. If such amendment is required, the terms and mitigation described in this Agreement will remain in full force and effect until any amendment is executed. If no new agreement can be made, this Agreement will be terminated effective on the day the relevant law went into effect or when the parties mutually agree no amendment can be reached, whichever date is later.

D. Except as related to the relief granted in this Agreement, nothing in this Agreement prevents any user of the Participant's AI technology, any third party, the State of Utah, or any of its subdivisions other than the Division, from seeking any legally available remedy from Participant under laws not expressly waived or modified by the terms of this Agreement in the event such user or third party is physically harmed as a result of using the Participant's AI technology.

E. Participant protections set forth in this Agreement shall jointly apply to both Magic Health, Inc. and Magic Health Services, LLC. Similarly, Magic Health, Inc. and Magic Health Services, LLC shall jointly fulfill Participant obligations set forth in this Agreement.

Section 5. Scope of Activities

A. Participant shall perform all relevant activities in accordance with the methodologies and safety protocols set forth in the Proposal. The Proposal may be amended by Participant or the

Office's Director (in consultation with the Division) as long as the amendment approval is in writing and signed by all Parties.

B. Participant may not use regulatory mitigation specified in this agreement to create or provide goods, services, or labor not specified in the Proposal.

Section 6. General Participant Obligations

Unless the Office determines otherwise in writing, Participant agrees as follows:

A. Capacity

Participant shall possess the technical expertise, financial resources, and capability to responsibly deploy and use the proposed artificial intelligence technology. Participant shall also have an effective plan to monitor and minimize both identified and potential risks from the activities of Participant's AI technology.

B. Safeguards

1. Participant shall abide by safeguards, including safety measures, testing protocols, quality assurance, and oversight methodologies outlined in the Proposal to protect users of Participant's AI technology from potential harm that may result from such activities. Participant shall abide by any other safeguards prescribed by the Office set forth in this Agreement.
2. Participant is fully responsible for the proper and efficient monitoring, operation, and maintenance of any activities stemming from the mitigation granted in this Agreement.
3. Participant's Terms of Service, Terms of Use, End User License Agreements, or any other agreements presented to or required of end users to engage in Participant's artificial intelligence technology shall not disclaim, limit, restrict, or exclude Participant's legal liability for physical, medical, or legal harm resulting from the outputs of Participant's artificial intelligence technology authorized under this Agreement. Participant shall submit all current and proposed user-facing Terms of Service, Terms of Use, and End User License Agreements to the Office for review prior to the Commencement Date.

C. Registration

Participant must be registered to do business in the State of Utah.

D. Permissions

1. Participant may make public statements or engage in related publicity consistent with scope and purpose of this Agreement, except that Participant shall not include any statement in advertising, media, or promotional materials that implies the Office's or State of Utah's endorsement of Participant or Participant's technology. Factual statements will not be considered as implying any endorsement.
2. Except as related to the relief granted in this Agreement, Participant is responsible for obtaining and maintaining all necessary permits, licenses, and permissions required for the activities in Participant's Proposal from other federal, state, or local government agencies having jurisdiction over activities in the Proposal. Participant shall furnish any such permits and approvals to the Office upon request.

E. Data Security

1. Participant shall comply with all privacy and safe data usage requirements as set forth in the Proposal and as stipulated by the Office in this Agreement.
2. Participant shall not advertise a specific product or service to a Utah user engaging with Participant's artificial intelligence technology, unless Participant:
 - a. clearly and conspicuously identifies the advertisement as an advertisement; and
 - b. clearly and conspicuously discloses to the Utah user any sponsorship, business affiliation, or agreement that the supplier has with a third party to promote, advertise, or recommend the product or service.
3. Participant shall not sell, lease, license, or otherwise transfer user data, personal health information, or derived metadata to any third-party.
4. Notwithstanding Section 6(E)(3), Participant may disclose user data solely under the following defined circumstances:
 - a. To cloud infrastructure, hosting, or technical service providers acting strictly on Participant's behalf for services necessary to engage in the activities described in Schedule B of this Agreement.

- b. To licensed Utah pharmacists, pharmacies, or treating providers, solely as necessary to issue, transmit, and fulfill prescription orders or deliver telehealth care authorized by this Agreement.
- c. To the Office, the Division, or OAIP-vetted third-party auditors to fulfill mandatory reporting, statistical validation, and evaluation requirements under Section 6(H) and Section 20(E), provided that individual-level data shared for external validation is de-identified.
- d. As required to comply with applicable federal or state law, judicial orders, or administrative subpoenas.
- e. To third parties specifically designated by the user/patient upon receiving the user's explicit, affirmative consent or direct instruction in accordance with Section 20(D).

F. Cybersecurity

1. Participant shall implement reasonable protections against data leaks to minimize the risk of breach of confidential information in accordance with the data security and privacy protection protocols described in Participant's Proposal and with general cybersecurity best practices. These protections include, as applicable:
 - a. Keeping data system testing environments separate from production environments;
 - b. Maintaining reasonable server and storage capacity to enable continuous availability of data systems;
 - c. Formally managing technology assets through their lifecycle; and
 - d. Using integrity checking mechanisms to verify software, firmware, and information integrity.
2. Participant shall ensure that its cyber security framework is regularly updated to address emerging threats and vulnerabilities.

G. Disclosures

1. Participant shall abide by the disclosure requirements specified in Schedule A of this Agreement.

H. Reporting

1. Participant shall, for the duration of this Agreement, submit monthly, quarterly, and annual reports to the Office at ai@utah.gov. All reports shall include the information specified in Schedule A of this Agreement.

2. Subject to the Office's confidentiality obligation described in Section 10 of this Agreement, for the duration of this Agreement, the Office will make the quarterly reports, as submitted by Participant, available to the public.

3. Participants will share with OAIP-vetted third-party auditors de-identified individual level data from the pilot for external validation at a monthly, quarterly, and annual basis. Participant shall comply with all reasonable data sharing requirements, including the minimum number of samples required for statistical testing articulated in Schedule A.

J. Failure to meet obligations.

If Participant fails to meet any of the obligations set forth in this Section or Schedule A, the Office may request more comprehensive reports from Participant and a mutually agreeable plan for resolving any issues related to such obligations. Participant shall have at least thirty (30) business days to propose and implement a cure. The Office shall not unreasonably withhold or delay acceptance of Participant's proposed plan or cure. If, after good-faith collaboration and the expiration of the applicable cure period, Participant cannot put forward a plan to adequately resolve the issue, as determined by the Office, the Office may elect to terminate this Agreement. In the event the Office terminates this Agreement under this provision, the Participant shall be given 30 days to cease operations of the AI Technology in Utah ("Unwinding Period").

Section 7. Notice

All notices required to be given, by either Party to the other, shall be deemed fully given when delivered by email addressed and sent, with any required copies, as provided on the signature page of this Agreement. Any party may change its notice address by giving the other party notice of the change in accordance with this Section.

Section 8. Indemnification

Participant agrees to hold the Office and the Division, including their agents, officers, and employees harmless from any claims, liabilities, damages, losses, or expenses arising from the services and technology provided by Participant under its Proposal and enabled by the mitigation granted in this Agreement.

Section 9. Intellectual Property

Nothing in this Agreement shall be construed to transfer, assign, license, or otherwise convey any intellectual property rights from one party to the other. Each party retains all right, title, and interest in and to any intellectual property (including algorithms, models, software, data structures, protocols, designs, developments, documentation, improvements, inventions, processes, techniques, technology, tools, and any other proprietary rights) it owns, develops, or otherwise controls, whether created before, during, or after the term of this Agreement, and regardless of whether such development occurs in connection with, in performance of, or independently of this Agreement. No rights are granted by implication, estoppel, or otherwise.

Section 10. Public Records

A. The Office is a governmental entity subject to the Government Records Access and Management Act, Utah Code §§ 63G-2-103 to 63G-2-901 (“GRAMA”). Accordingly, records in the Office’s possession, including this Agreement, may be subject to public disclosure. The Office’s confidentiality obligations shall comply with GRAMA. The Office will classify Participant’s application for regulatory mitigation and any reports required by Section 6(H) of this Agreement as protected records, where permitted by applicable law, in accordance with Utah Code §§ 63G-2-305 and 63G-2-309, except where explicitly stated in this Agreement or a Pilot Addendum

B. Participant shall submit all confidentiality claims to the Office in accordance with Utah Code § 63G-2-309 for any confidential, proprietary, or trade secret information. To the extent permitted by GRAMA, the Office shall treat Participant’s additional information (collectively, with Participant’s application and any required reports, “Participant Information”) submitted in connection with this Agreement or any Pilot Addendum as protected records in accordance with Utah Code § 63G-2-305, except where explicitly stated in this Agreement or a Pilot Addendum. The Office shall provide Participant with prompt written notice of any GRAMA request or other legal process seeking disclosure of Participant Information and, where permitted, a reasonable opportunity to seek protection prior to disclosure. To the extent disclosure is required, the Office shall disclose only the portion required by law and use reasonable efforts to redact Participant Information. The Office shall use Participant Information solely for purposes of administering this Agreement and shall not use such information to develop or train artificial intelligence systems without Participant’s prior written consent.

Section 11. Choice of Law, Venue, and Jurisdiction

This Agreement shall be governed by and construed pursuant to the laws of the State of Utah. The Parties will submit to the jurisdiction of the court of the State of Utah for any dispute arising out of this agreement or the breach thereof. Venue shall be in the Salt Lake Department, Third Judicial District in and for Salt Lake County, State of Utah.

Section 12. Termination

The Office or Participant may terminate this Agreement at any time, and for any reason, prior to the completion of the 12-month mitigation period or during any subsequent extension term. (Utah Code § 13-72-401(8)). Upon providing notice of termination by the Office, Participant shall be given an Unwinding Period. During this Unwinding Period, the Agreement continues in full force and effect. Termination shall be effective upon expiration of the Unwinding Period.

Section 13. Assignment, Transfer, and Collateral Use

Participant may not assign or transfer regulatory mitigation granted in this Agreement without the prior written consent of the Office. Approval of an assignment does not establish any legal relationship between the Office and any other third party. The Office shall not be liable for any act or omission committed pursuant to such an assignment.

Section 14. Entire Agreement

A. This Agreement, including all referenced documents and attachments, constitutes the entire agreement between the Parties regarding the subject matter hereof.

B. This Agreement, together with any amendments or addenda approved by the Office, supersedes any other written or oral understanding of the Parties. This Agreement may not be modified except by a written instrument executed by all Parties. This Agreement may be signed in counterparts, and may be signed electronically.

Section 15. Agreement Extension

Participant may request no more than two (2) extensions of up to 12 months for regulatory mitigation. Extension requests must be made no later than 30 days before the end of the ongoing period. The Office, in agreement with the Division, shall grant or deny an extension request before expiration of the initial demonstration period or any subsequent extension term in

accordance with Utah Code § 13-72-403. In the event the Office, in agreement with the Division, denies the extension request, Participant shall be granted an Unwinding Period.

Section 16. Severability

If any portion of this Agreement is held to be invalid or unenforceable, the remaining portions of this Agreement will remain in full force and effect. Any invalid or unenforceable portions will be interpreted to give effect to the intent of the original portion. If such construction is not possible, the invalid or unenforceable portion will be severed from this Agreement but the rest of the Agreement will remain in full force and effect.

Section 17. Survival

Sections 4 (Scope of Mitigation); 8 (Indemnification) 9 (Intellectual Property); 10 (Public Records); 11 (Choice of Law); 16 (Severability); and Schedule A, and any other provisions that by their nature are intended to survive or expiration, will survive the termination or expiration of this Agreement.

Section 18. Signatures

The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

IN WITNESS WHEREOF, the Parties have executed this Agreement and it shall be effective as of the Commencement Date specified in Section 2.


Zach Boyd (Sep 21, 2026 17:59:22 MDT)
ZACHARY BOYD, PhD
Director
Office of Artificial Intelligence Policy

09/21/2026

Date


MARK STEINAGEL
MARK STEINAGEL
Director
Department of Professional Licensing

09/22/2026

Date


Luis Wenus (Sep 21, 2026 18:29:01 EDT)

LUIS WENUS
CEO
Magic Health, Inc.

09/21/2026

Date


Sean Geiger (Sep 21, 2026 18:31:48 EDT)

SEAN GEIGER
Manager
Magic Health Services, LLC

09/21/2026

Date

Schedule A

Section 19. Mitigation Offered

The Office, in agreement with the Division, grants Participant the following regulatory mitigation measures during the demonstration period articulated in Section 2 and Section 4 so long as Participant abides by the terms of this Agreement:

A. Participant may, using its artificial intelligence technology through the Nolla Skin App, (1) issue orders for first-time topical acne prescriptions and renewals to eligible Utah residents age 18 years and older and (2) transmit such prescription orders to a pharmacist licensed in the state under Utah Code § 58-17b.

B. The Division will, regarding the activities described in Schedule B of this Agreement, forgo any enforcement action against Participant under the following provisions solely for the use of Participant's artificial intelligence technology to (1) issue orders for first-time topical acne prescriptions and renewals to eligible Utah residents age 18 years and older and (2) transmit such prescription orders to a licensed Utah pharmacist as described in section 4 of the Proposal, so long as Participant abides by the terms of this Agreement:

1. Utah Code § 58-1-501(1) and (2) and administrative rule UAC R156-1-501(2)(b);
2. Provisions relating to unlawful conduct in Utah Code §§ 58-17b-501, 58-67-501, and 58-68-501;
3. Provisions relating to unlawful conduct in Utah Admin. Code R156-17b-501, R156-67-501, and R156-68-501;
4. Provisions relating to unprofessional conduct in Utah Code §§ 58-17b-502, 58-67-502, and 58-68-502; and
5. Provisions relating to unprofessional conduct in Utah Admin. Code R156-17b-502, R156-67-502, and R156-68-502.

C. The Division will forgo any enforcement action against Participant or the providers engaged by Magic Health Services, LLC under Utah Code § 26B-4-704(6) and administrative rule UAC R156-1-602 in connection with the services and/or technology provided by Participant for the use of Participant's artificial intelligence technology to authorize and submit prescriptions of topical acne treatments, so long as Participant abides by the terms of this Agreement

D. The Division will forgo enforcement of the following provisions against any affiliated professional entity or provider employed or contracted by Participant who (1) acts in reliance on Participant's artificial intelligence technology solely for the action to issue orders for first-time topical acne prescriptions and renewals to eligible Utah residents age 18 years and older and transmit such prescription orders to a licensed Utah pharmacist or to otherwise treat a patient, and solely for such action, including any provider who performs any supervisory activities of other providers using Participants' artificial intelligence technology but whom may not be the individual treating provider of record for a particular patient, or (2) utilizes any of Participants' artificial intelligence technology in connection with the care provided to an individual patient or when interacting with any other health care provider or otherwise interacts with a patient or other health care provider:

1. Utah Code § 58-1-501(1) and (2), administrative rule UAC R156-1-501(2)(b), and 26B-4-704(6);
2. Provisions relating to unlawful conduct in Utah Code §§ 58-17b-501, 58-67-501, 58-68-501;
3. Provisions relating to unlawful conduct in Utah Admin. Code R156-17b-501, R156-67-501, and R156-68-501;
4. Provisions relating to unprofessional conduct in Utah Code §§ 58-17b-502, 58-67-502, and 58-68-502; and
5. Provisions relating to unprofessional conduct in Utah Admin. Code R156-17b-502, R156-67-503, and R156-68-502.

E. The non-enforcement mitigation articulated in this Section applies only to actions authorized by this Agreement and does not preclude enforcement actions for other unlawful or unprofessional conduct.

F. No mitigation articulated in this section applies to any other services offered by Participant on <https://www.nollahealth.com> or the Nolla Skin app. The mitigation articulated in this Agreement applies only to Participant's technology that autonomously issues orders for first-time topical acne prescriptions and renewals to eligible Utah residents age 18 years and older and (2) transmit such prescription orders to a licensed Utah pharmacist, as described in the Proposal. No mitigation articulated in this Section provides any exemption to, stay of enforcement of, or other mitigation from, any other provision of law related to such additional services

Section 20. Additional Participant Obligations

In addition to the General Participant Obligations detailed in Section 6 of this Agreement, Participant agrees as follows:

A. Capacity

1. Participant's artificial intelligence technology shall adhere to all requirements as a telehealth provider as set forth in Utah Code § 26B-4-704, with the exception of the following:
 - a. Participant's artificial intelligence technology shall be considered in compliance with subsection (2)(a)(i), (2)(b) and (2)(e) of such section if Participant's artificial intelligence technology follows the protocols outlined in Schedule B of this Agreement.
 - b. Participant's artificial intelligence technology is deemed not in violation of subsection (4) of such section if Participant's artificial intelligence technology follows the protocols outlined in Schedule B of this Agreement.
 - c. Utah Code § 26B-4-704(5) shall not apply to Participant's artificial intelligence technology.
2. Participants shall maintain patient's electronic health records in a portable format or allow patients to promptly download or share their electronic health records upon request.

B. Safeguards

1. Prior to the Commencement Date specified in Section 2, Participant shall furnish the Office with a Certificate of Insurance or other satisfactory documentation evidencing the requisite professional liability insurance coverage. Participant shall possess and continuously maintain such professional liability insurance coverage throughout the duration of this Agreement.
2. Participant shall abide by the procedures and safety protocols in the Proposal and ensure that:
 - a. Activities described in the Proposal comply with federal regulations, including 45 CFR § 164.

b. Any health care provider, as defined in 45 CFR § 160.103, who interacts directly with an individual residing in the State of Utah through a telehealth service, as defined in Utah Code § 26B-4-704(1)(h) is a provider, as defined in Utah Code § 26B-4-704(1)(f).

c. Participant does not utilize its artificial intelligence technology to authorize any medications not identified in Schedule B of this Agreement.

C. Permissions

1. Participant shall not commence any succeeding phase without the prior written approval of the Office.

2. Participant acknowledges that the Office will require strict adherence to the statistical protocol for sequential gated performance established in the Office's most recent version of *Evidentiary Expectations for Healthcare AI Sandbox*.

D. Disclosures to Users and Pharmacists

1. Participant shall disclose the following to the user:

a. The name and contact information of Participant;

b. That the user is interacting with generative artificial intelligence pursuant to Utah Code §§ 13-77-103(2);

c. The precise manner, means, and extent in which all user data and information, including all correspondence with Participant's AI technology, will be used or shared by Participant; and

d. That the user is engaging with a temporary offering of AI technology through an agreement with Utah's Office of Artificial Intelligence Policy. Participant shall share with users a phone number and/or website address provided by the Office where users may provide feedback regarding the use of Participant's AI technology.

2. Disclosures to users shall be provided in a clear and conspicuous form and a user shall acknowledge receipt of the disclosure before a user may access any functions of Participant's AI technology.

3. Participant shall disclose the following to any pharmacist or pharmacy receiving a prescription authorized by this agreement:

- a. That the prescription was generated by artificial intelligence technology;
- b. That such prescriptions are authorized by the Office of AI Policy and the Division of Professional Licensing pursuant to this agreement; and
- c. Contact information for licensed physicians employed by Participant that can answer any questions from the pharmacist or pharmacy.

4. Participant shall disclose to the Office the manner in which they will communicate such required disclosures to pharmacists or pharmacies.

E. Reporting

Reports required under Section 6(H) shall include the following:

1. Immediate notification (within 24 hours). Any adverse events should be reported to the Office as soon as feasible but no later than 24 hours after detection of such an event by a provider engaged with Magic Health Services, LLC. Adverse events include:

- a. Any patient harms reported to or discovered by Participant since patient began using Participant's AI technology.

- b. AI-generated medical recommendations or decisions where any of the following occur:

- i. Misdiagnosis

- ii. Missed diagnosis

- iii. Incorrect or incomplete treatment recommendation (including failure to recommend appropriate diagnostic workup or follow-up with AI or with a licensed provider)

- iv. Recommendation for a medication to which the patient has a known allergy

- v. Failure to identify a relevant contraindication (e.g., pregnancy, renal, or hepatic contraindications) or drug-drug interaction
 - vi. Incorrect dosing or frequency recommendations
- c. Any medication-related complications or adverse drug reactions reported to or observed by providers engaged by Magic Health Services, LLC, including:
 - i. Severe or unexpected side effects
 - ii. Severe or unexpected allergic reactions
 - iii. Medication interactions with other medications
 - iv. Medication interactions with drugs or alcohol
- d. Worsening of patient condition
 - i. Any case where a patient's condition unexpectedly worsened or required hospitalization or urgent/emergency care
 - ii. Any unexpected incident involving death or serious physical injury or mental trauma
- e. Failure to escalate a case that meets escalation thresholds articulated in the Proposal
- f. AI encouragement of delayed care-seeking, or discontinuation of a provider-prescribed treatment.
- g. System failures/updates
 - i. Instances where the AI model hallucinates facts about a patient or patient's history
 - ii. Any failure in the authentication process that allows an unauthorized individual to access clinical recommendations or obtain medications/procedures not intended for them

- iii. The AI providing clinical advice or performing actions outside its defined regulatory or contractual scope
- iv. Loss, corruption, or unavailability of clinical records accessed by the AI.
- v. ID verification failure (e.g. someone successfully obtaining a medication prescribed to someone else)
- vi. Instances where the AI provides an output that is later determined to be dangerously incorrect
- vii. Cybersecurity incidents including ransomware, denial of service, or other integrity compromises affecting clinical decision support.
- viii. Any significant changes to severity or treatment selection models that could affect quality of patient care.

h. Data privacy

- i. Any suspected data leak or unauthorized access to the model training/inference environment
- ii. Any suspected data leak or unauthorized access to private health information
- iii. Re-identification of user or patient data that was treated as de-identified.

j. Clinician oversight

- i. Immediate notification of any licensed clinicians involved with the pilot that are terminated or removed from the pilot for cause.

2. Monthly Reports. Monthly reports are to be sent to the Office in a downloadable format via email to ai@utah.gov. If a shared document is being updated, an email with a downloadable version of the report is expected for tracking purposes. These reports should be submitted by the 15th of the following month (e.g. January's data should be submitted by February 15th). These reports should include:

a. Basic User Information

- i. Total AI-processed cases (#)

- ii. Number of patients who were omitted because of exclusionary presentation (#)
- iii. Completed visits with drug prescription as part of treatment plan (#)
- iv. Clinician agreement rate, total and broken down by drug (#, %)
- v. Count of prescriptions issued, broken down by drug (#)
- vi. Technical completion rate (number of prescriptions greenlit vs. sent to pharmacy) (#)
- vii. Comparison of current accuracy/agreement against baseline validation data (comparison)
- viii. Patients actively using prescription (#, %)
- ix. User complaints (all complaints, technical or otherwise, deidentified but otherwise in their entirety)

b. Breakdown of reasons for escalation

- i. Total visits escalated to a human provider (#)
- ii. Total agreement rate after escalation (denied/ approved by human provider) (#)
- iii. Specific reasons for all escalations (qualitative)

c. HIPAA Compliant Chat Logs

- i. Random sampling of successful and escalated interactions; deidentified, for illustrative purposes (qualitative)

d. Observations from reviewing clinicians

- i. Trends or observations made by clinicians (qualitative)
- ii. Random sampling of deidentified logs of clinician review (qualitative)

- iii. Quality of patient assessment and clinical reasoning (qualitative)
- iv. Clinical appropriateness of AI output (yes/ no #)
- v. Accuracy of medication history taking (complete/ incomplete %)
- vi. Effectiveness of drug interaction screening (effective/ ineffective %)

e. Patient demographics

- i. Breakdown of agreement rates and outcomes by age, gender, race, location rural vs. urban, etc. (#)
- ii. Breakdown of patient time in treatment by month (#)
- iii. Distribution of user ages for both first time and return visits
- iv. Distribution of day and times patients use the tool
- v. Deidentified and aggregated location data
- vi. Discovery of a systematic error where the AI provides lower-quality care or incorrect results based on a patient's protected characteristics (age, race, gender, etc.) (qualitative)

f. Technical metrics

- i. Unplanned downtime (time)
- ii. Any model version updates or changes to the underlying algorithm/architecture (qualitative)

3. Quarterly Public Reports: These reports can be shared by the Company at any time, but must be submitted to OAIP at the time of their third monthly report. For example, if a contract is commenced on January 1st, the monthly reports would be submitted on February 15th, March 15th, and April 15th, where the Quarterly public data would be expected on April 15th. These reports should include, at a minimum:

- a. Number of patients served with AI (#)

- i. Number of prescriptions filled (#)
 - ii. Agreement rate (%)
- b. Medications involved in provider-AI disagreement
- c. Disclosure of phase progress

4. Final Report: To be submitted to the office no later than 30 days prior to the expiration of an ongoing 12-month demonstration period (e.g. if a contract commences on Jan 1, 2020, the Final Report *with an extension request* should be submitted by the company no later than December 1, 2020). If the agreement is renewed, an additional report will be required at the end of the second year, according to the same terms. The annual report should include:

- a. Overview of deployment and scope
- b. Overall #s
 - i. # of patients served
 - ii. # of adverse events
 - iii. Agreement rate
- c. Impact analysis
- d. All user complaints
- e. Any longitudinal data collected by the company

Schedule B



Utah AI Pilot Proposal

AI-Initiated Topical Acne Prescription

Nolla Health | 2026

Operating Entities: Magic Health, Inc., Magic Health Services, LLC

Executive Summary

Nolla Health respectfully submits this proposal requesting approval to conduct a limited pilot in the State of Utah to evaluate the safety and feasibility of **AI-initiated prescribing for first-time topical acne treatment** in adult patients.

The proposed pilot is intentionally narrow in scope and focused on low-acuity dermatologic care supported by well-established clinical guidelines and topical therapies with long-standing safety profiles. The pilot will be conducted exclusively with Utah residents aged 18 years and older and is designed with conservative eligibility criteria, defined prescribing boundaries, and multiple layers of physician oversight and safety monitoring.

The Nolla Skin App is a purpose-built medical system that integrates structured patient intake, image-based evaluation, protocolized treatment selection, and defined escalation pathways to a licensed overseeing physician. The app launched in the United States in summer of 2025 and has since been used by thousands of patients, providing real-world experience that informs the proposed pilot's design and safeguards.

This proposal requests explicit authorization for **AI-initiated prescription submission with protocol-bound follow-up assessments**. The pilot includes automatic escalation to the overseeing physician for predefined safety, non-response, or adverse reaction triggers and follows a stage-gated deployment framework, progressing from physician pre-review of every prescription through retrospective review to sampling-based ongoing oversight.

Nolla Health welcomes the opportunity to partner with the State of Utah to responsibly evaluate AI-enabled care delivery within a low-risk, guideline-driven clinical domain and remains committed to transparency, patient safety, and ongoing regulatory collaboration.

1. About Nolla Health

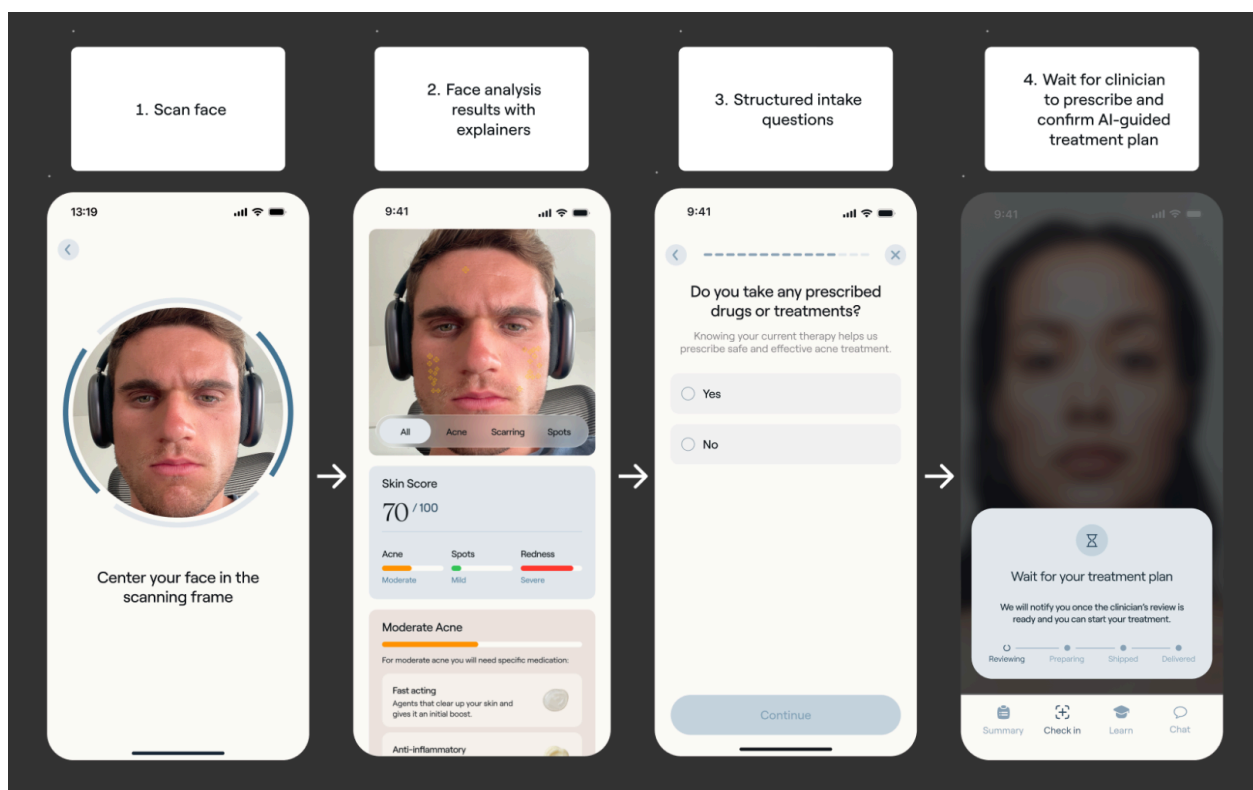
Nolla Health (www.nollahealth.com) is a healthcare technology company focused on creating purpose-built AI systems for real-world medical use. We emphasize the value of screening and specialty care services with bounded clinical scope, evidence-based protocols, transparency, and continuous physician oversight. Our AI systems are intended to perform discrete, well-defined medical tasks safely and reliably within existing standards of care, while dramatically expanding access and affordability of care as well. By training and validating our technology on a per diagnosis basis, we are able to optimize performance for specific use cases.

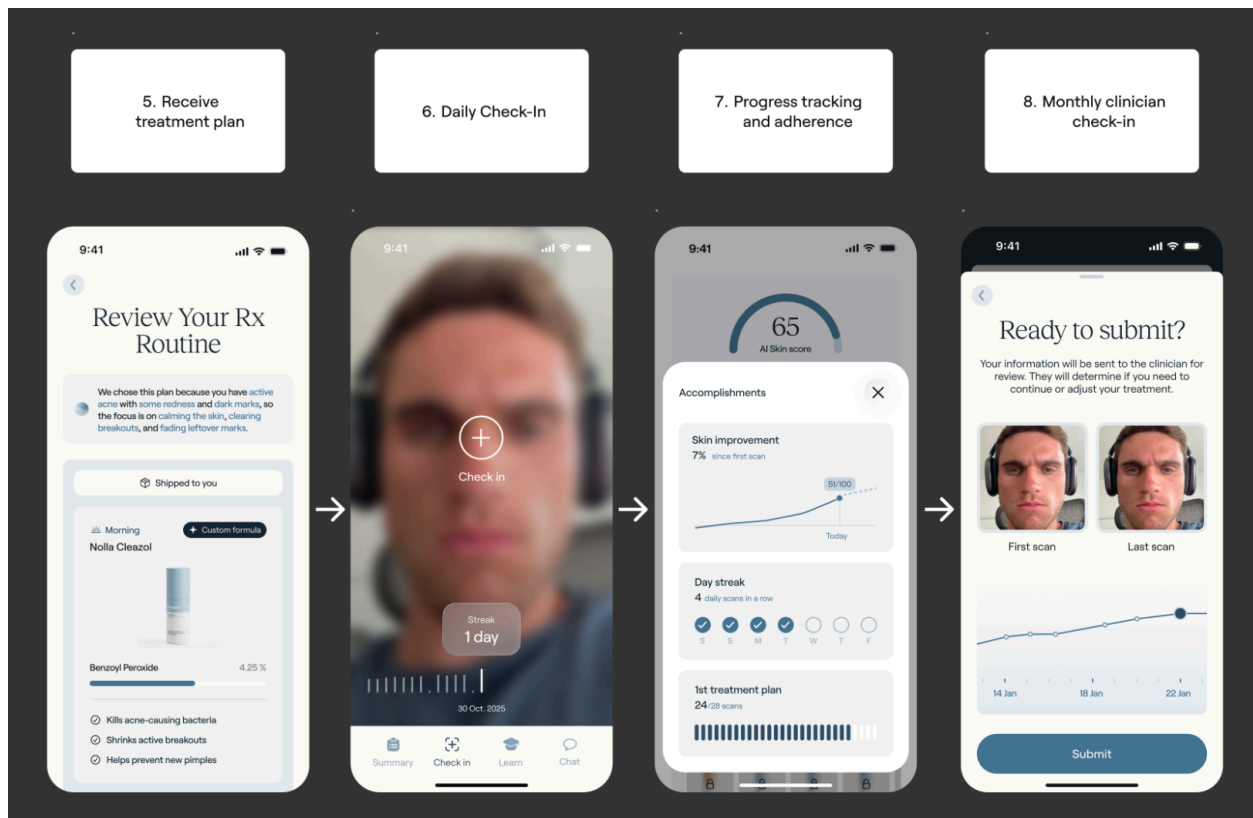
Nolla Health's broader vision is to expand access to appropriate, immediate medical care by aligning care delivery models with the clinical characteristics of specific use cases. This includes reallocating physician time toward higher-acuity, higher-uncertainty care while using carefully constrained AI systems to support low-risk, guideline-driven tasks under appropriate oversight.

1.1 Product Overview: The Nolla Skin App

The Nolla Skin App is a purpose-built medical system utilizing specialized AI models for the assessment, staging, monitoring and treatment of acne through structured patient intake, image-based and feature-based AI evaluation, and protocolized treatment selection. Acne was selected as an initial focus due to its prevalence, visual nature, standardized severity grading, and reliance on first-line topical therapies with long-standing safety profiles.

The Nolla Skin App launched in the United States in summer 2025 and has since been used by thousands of patients. This real-world deployment has informed ongoing system refinement, safety guardrails, and operational workflows. Below is an outline of the app's product flow:





The Nolla Skin App integrates structured patient history, automated image quality assessment, AI-based disease state evaluation, and defined escalation pathways to licensed clinicians within a single auditable workflow. The proposed pilot for the State of Utah builds on this system, evaluating AI-only initiation of topical acne prescriptions within a narrowly defined, low-risk scope.

1.2 Team Expertise and Leadership

Nolla Health is led by a skilled multidisciplinary team whose collective background spans academic medicine, biomedical engineering, applied AI research, healthcare delivery, and regulated consumer technology. The leadership team has trained, studied, or held appointments at institutions including MIT, Johns Hopkins University, Harvard Medical School, Imperial College London, the University of Pennsylvania, and the University of Texas at Austin.

Academic and AI Research

- AI systems developed leveraging an internal purpose-curated visual medicine dataset of approximately 3.6 million labeled medical images spanning 3,500+ disease classes
- Foundational medical AI research conducted through academic affiliations with MIT, Johns Hopkins University, and Harvard Medical School, including peer-reviewed publications in *Science Translational Medicine*¹, *Nature Medicine*², *Nature NPJ Digital Medicine*³, *IEEE*⁴ and *Cell Systems*.⁵

Engineering and AI Infrastructure

- Experience building production-grade AI systems and consumer platforms at scale, including prior work at Apple on core products such as iMessage and FaceTime
- Infrastructure designed for reliability, auditability, image quality gating, protocol-bound decision logic, and comprehensive logging

Medical and Clinical Leadership

- Licensed physicians with training and clinical experience in dermatology and internal medicine, including backgrounds at Harvard Medical School and Brigham and Women's Hospital
- Clinical responsibility for medical protocols, eligibility criteria, escalation thresholds, retrospective review, and safety monitoring

Business and Healthcare Delivery

- Experience founding and scaling healthcare and leading global consumer technology companies
- Deep healthcare systems strategy and care delivery experience at top management consulting firms

1.3 Evidence of Readiness and Feasibility

The proposed pilot leverages systems and workflows that are already operational. The Skin App represents Nolla Health's most mature end-to-end clinical specialty care environment, combining patient intake, image-based assessment, protocolized treatment selection, physician escalation, and continuous monitoring within a single auditable system.

Prior real-world deployments of AI-enabled dermatologic tools, including earlier research and international deployments focused on skin cancer screening and multimodal AI for healthcare applications, informed the company's safety-first approach and reinforced the importance of physician oversight and careful scope definition. These lessons are directly reflected in the proposed Utah pilot.

1.4 Organizational Capacity and Financial Stability

Nolla Health maintains at all times sufficient operational support functions to manage patient inquiries, physician escalations, technical issues, and coordination with pharmacy partners across all US states we are operating in. These capabilities support continuity of care and compliance with oversight and reporting requirements.

The company raised its seed financing from General Catalyst (a top US-based venture capital firm) and is planning to raise additional funding during the coming year to expand operations. This financial backing supports continued product development, physician oversight, and the successful execution of the proposed Utah pilot and beyond.

Collectively, the team's academic affiliations, clinical training, engineering experience, and healthcare systems expertise provide a strong foundation for the safe and responsible execution of the proposed Utah pilot.

1.5 Insurance and Liability Coverage

Nolla Health currently maintains general liability, errors and omissions, and cyber insurance through Lloyd's of London via its broker. In advance of any pilot launch activity, we are working to secure pilot-specific professional liability coverage tailored to AI-initiated topical acne prescribing. This would include medical malpractice and healthcare professional liability, as applicable, reflecting the protocol-bound nature of the pilot and its physician escalation and oversight mechanisms.

Nolla Health will not begin patient enrollment or submit any prescriptions under the pilot until coverage is bound and in force. We will provide confirmation of coverage to the Utah Department of Commerce and the Office of Artificial Intelligence Policy prior to commencement. We welcome any guidance from the State on preferred coverage parameters and will align pilot scope, operating procedures, and oversight commitments with insurer requirements and regulatory expectations.

2. Clinical Rationale for Acne as the Initial Use Case

The proposed pilot focuses on topical acne treatment as an initial use case for evaluating AI-enabled initial prescription for topical medication, due to the high prevalence, standardized clinical management, favorable safety profile, and suitability for structured, asynchronous care of this condition. Acne represents one of the most prevalent (estimated 8.5M–50M cases in the U.S. annually)⁶, lowest-acuity dermatologic diseases for which there are robust and safe evidence-based guidelines and established consistent first-line treatment pathways⁸. Acne is a leading cause of dermatologist visits (62.1% on average in the U.S.), especially for females 20 to 29 years old⁷, and while generally easy to treat, can lead to more significant physical (e.g., scars, hyperpigmentation) and psychological burdens (e.g., depression) if left unchecked^{9, 10, 11}.

2.1 Access and Care Delivery Considerations

Utah's dermatology wait times average approximately 61 days, nearly double the national median of 32.3 days^{12, 13}, while eleven rural counties have no specialists at all¹⁷. An estimated 100,000 or more Utahns live with active acne at any given time¹⁸, yet only about 10% ever reach a dermatologist¹⁹. Those who do pay \$150 to \$300 per in-person visit^{20, 21}, and rural patients add hours of travel and lost wages on top. The 61-day wait is not a neutral delay - mild acne can progress to scarring and complications during that window, multiplying treatment costs to \$689 or more per episode^{14, 15}. Topical acne treatment is increasingly initiated via remote visual assessment and structured patient history, making it well suited for asynchronous evaluation within defined clinical protocols. AI-assisted care addresses the access gap by collapsing wait times from months to hours while reducing cost per encounter.

2.2 Economic Benefits for Patients, Clinicians, and the Utah Health System

For patients, the Nolla pilot offers a full AI-initiated acne treatment - daily AI scanning, educational content, telehealth service, and prescription - for \$4.99 per month during the pilot,

with compounded medication available at \$49.99 covering both morning and evening treatments, or generic equivalents filled at a local pharmacy through insurance or out of pocket. For the estimated 5,500 to 11,000 Utah acne patients who currently seek dermatologist care each year, shifting even a portion of initial consultations from in-person visits (\$150 to \$300) to AI-assisted teleconsults yields per-visit savings of \$55 to \$205 per patient, translating to aggregate consumer savings of \$300,000 to \$2.3 million annually in direct consultation costs alone²². These savings accrue most to the populations currently most burdened: uninsured and underinsured patients, rural residents, and young adults (acne's demographic core).

For clinicians, offloading routine acne, roughly 62% of all dermatology visits⁷, frees appointment slots for urgent and complex cases. At an average Utah dermatologist hourly rate of approximately \$184²³, AI-assisted workflows that reduce effective review time from 20-24 minutes to 8-10 minutes per routine acne case allow each participating clinician to meaningfully redirect capacity toward higher-acuity patients. Nationally, 46% of dermatologists report burnout²⁴, driven in part by the imbalance between high-volume routine visits and complex care demand.

For the Utah health system, the reallocation of specialist capacity carries particular significance. Utah has the highest melanoma incidence in the nation - more than double the national average¹⁶. Every acne visit that moves to an AI-assisted asynchronous pathway opens an appointment slot for a patient waiting for melanoma screening or complex inflammatory disease evaluation. Dermatologists in rural-serving practices can extend their reach to underserved communities without adding clinical hours, and primary care physicians gain a more accessible dermatology pathway for patients who need specialist-grade evaluation.

2.3 Clinical Predictability and Standardization

Acne is particularly appropriate for protocolized care due to the following characteristics¹⁵:

- **Consistent Visual Presentation:** Acne lesions and distribution patterns are readily identifiable and amenable to structured visual assessment.
- **Established Severity Grading:** Widely accepted clinical frameworks differentiate mild, moderate, and severe acne based on lesion type and extent.
- **Clear Treatment Guidelines:** Clinical guidelines consistently recommend topical therapies as first-line treatment for mild to moderate acne, with defined criteria for escalation to physician care.
- **Predictable Safety Profiles:** First-line topical acne therapies have well-established safety profiles with limited and predictable side effects. Prescribing primarily ensures standardized patient education, appropriate use, and duration limits, rather than complex clinical decision-making. These characteristics support conservative, rules-based treatment selection and reduce reliance on subjective clinical judgment for initial therapy.

2.4 Safety Profile of the Proposed Treatment Scope

The pilot is limited to topical acne therapies with long-standing safety records and extensive clinical use. These medications are commonly prescribed as initial treatment and do not carry the systemic risks associated with oral or isotretinoin-based therapies. Expected adverse effects are generally localized and predictable, such as skin irritation or dryness, and can be readily identified through patient reporting and follow-up. For some of our medications, slightly less concentrated versions are already available over-the-counter. This safety profile supports evaluation within a monitored pilot framework with defined escalation pathways.

2.5 Appropriateness for AI-Guided Care

Acne care relies on structured inputs, visual assessment, and standardized treatment protocols, aligning well with AI systems designed to operate within narrow clinical boundaries. The proposed pilot evaluates AI-enabled initiation of care for a limited, low-risk use case while preserving physician oversight, automatic escalation for adverse reactions, and patient choice. This pilot does not seek to diagnose other complex dermatologic conditions, manage severe disease, or replace physician judgment in non-standard situations. It evaluates whether AI systems can safely perform a discrete, protocolized task within existing standards of care for acne.

2.6 Rationale for Scope Limitation

The pilot scope is intentionally constrained to adult patients aged 18 years and older, who are not trying or currently pregnant, with mild to moderate acne only, a restricted topical formulary, and defined dosing ranges and escalation criteria. These limitations are designed to minimize clinical risk, ensure alignment with established guidelines, and enable clear evaluation of safety and appropriateness in a real-world setting.

3. Regulatory Relief Requested

Nolla Health seeks authorization to deploy an AI-enabled system that initiates first-time topical acne prescriptions for eligible adult patients under defined clinical constraints and oversight mechanisms. While existing regulatory frameworks appropriately govern physician-initiated prescribing, they do not explicitly address AI systems designed for narrowly scoped, protocol-driven clinical tasks such as low-acuity acne treatment.

As a result, the absence of explicit authorization for AI-initiated prescription submission creates friction in delivering timely dermatologic care, despite the availability of well-established guidelines, low-risk topical therapies, and robust oversight models. This pilot seeks to address that gap in a controlled and transparent manner.

3.1 Requested Authorization

Nolla Health respectfully requests approval to deploy the Skin App under a defined pilot framework in which an AI system is authorized to initiate and submit first-time topical acne

prescriptions for eligible adult patients, as well as administer follow-up care, subject to the scope, safeguards, and oversight described in this proposal.

Specifically, the requested authorization includes permission to operate under the following conditions:

- AI initiation, submission, and follow-up care of topical acne prescriptions for adults 18 years and older
- Application limited to mild to moderate acne
- Use of a predefined and restricted formulary of topical therapies
- Operation within clearly defined dosing ranges and protocol boundaries
- Mandatory escalation to the overseeing licensed physician when predefined safety thresholds are met

The requested authorization is intentionally limited and includes explicit boundaries to reduce risk and prevent unintended expansion. The pilot does not request approval for:

- Pediatric care
- Oral or systemic acne therapies
- Isotretinoin prescribing
- Prescribing beyond the approved formulary and protocols

This authorization would enable evaluation of AI-initiated prescribing in a low-risk, guideline-driven clinical domain while maintaining accountability, transparency, and physician oversight.

3.2 Rationale for Regulatory Relief

Topical acne treatment is well suited for evaluating AI-initiated prescribing due to its visual nature, standardized severity assessment, and reliance on first-line therapies with long-standing safety profiles. In current practice, these treatments are frequently initiated asynchronously and with limited need for in-person evaluation, yet they continue to require physician initiation primarily due to regulatory constraints rather than clinical complexity.

The requested regulatory relief is intended to better align care delivery with the characteristics of this use case, allowing physician effort to be focused on higher-acuity and higher-uncertainty cases while preserving patient safety through structured oversight and escalation.

This proposal does not seek to replace physicians or broadly expand prescribing authority. Rather, it seeks to evaluate whether AI systems, when designed with appropriate guardrails and accountability, can safely perform discrete, protocolized tasks within existing standards of care.

4. Pilot Design and Deployment

Nolla Health requests approval to conduct a limited, closely monitored pilot program in the State of Utah to evaluate the safety, feasibility, and clinical appropriateness of AI-only initiation of topical acne treatments for adult patients. The pilot is intentionally narrow in scope, constrained

to low-risk dermatologic care, and designed with multiple layers of safety controls, physician escalation pathways, and ongoing oversight.

The pilot will be conducted exclusively with Utah residents and will focus on adults presenting with mild to moderate acne. The pilot does not include pediatric patients, oral medications, systemic therapies, or high-risk dermatologic conditions. These exclusions are deliberate and are intended to reduce clinical risk while enabling meaningful evaluation of AI-guided care in a well-understood, guideline-driven clinical domain.

The pilot operates under a single configuration: AI-initiated prescription with AI-guided follow-up within protocol, with automatic escalation to the overseeing physician for predefined safety, non-response, or adverse reaction triggers.

4.1 Pilot Overview

The proposed pilot will operate under a phased approach, with defined timelines and patient caps. Enrollment will be limited to Utah residents who meet predefined eligibility criteria, including age, acne severity, and the absence of exclusionary conditions.

All patients participating in the pilot will receive care through the Nolla Skin App, a purpose-built medical system designed for structured dermatologic assessment, image-based evaluation, and protocolized treatment selection. The system is designed to operate within regulated healthcare environments and includes auditability, traceability, and physician escalation mechanisms throughout the care process.

The pilot is overseen by a lead physician licensed in the state of Utah, who is responsible for overseeing the program: stage gate reviews, concurrence determinations, retrospective reviews, and clinical escalations. To ensure redundancy, prevent coverage gaps, and maintain turnaround quality for patients, the lead physician will oversee a small network of additional Utah-licensed physicians available at any given time. In the event the lead physician becomes unavailable, oversight transfers to another credentialed member of the network without interruption to pilot operations. All physicians in the network operate under the same protocol boundaries and oversight requirements. The physician team is directly accessible to patients at any time via in-app physician chat at no additional cost.

4.2 Patient Eligibility, Scope, and Hard Stops

Participation in the pilot will be limited to adult patients aged 18 years or older with mild to moderate acne, as determined through a structured intake process that combines patient-reported information with image-based clinical assessment. Severity is determined by AI image assessment across the five-angle capture sequence during intake, not by patient self-reporting.

Health Conditions Outside Scope

- Severe or nodulocystic acne: Cases scoring above 3.5 on the IGA severity scale are automatically escalated to the overseeing physician for manual review before any prescription is issued. If a case is classified as severe or nodulocystic, the patient is directed to seek in-person dermatological care.
- Known immunosuppression (e.g., chemotherapy, organ transplant)
- Severe kidney or liver disease
- Any presentation suggesting need for oral, systemic, or isotretinoin-based therapy

Health Histories Outside Scope:

- Prior adverse reaction to any formulary medication
- Pregnancy, aiming to become pregnant, or breastfeeding
- Age under 18

Hard Stops and Detection Protocol: hard stops are triggered by three categories - demographic, medical, and logistical.

Demographic:

- **Patient age under 18** - captured via date of birth in intake
- **Failed identity verification** - verified via Stripe identity verification

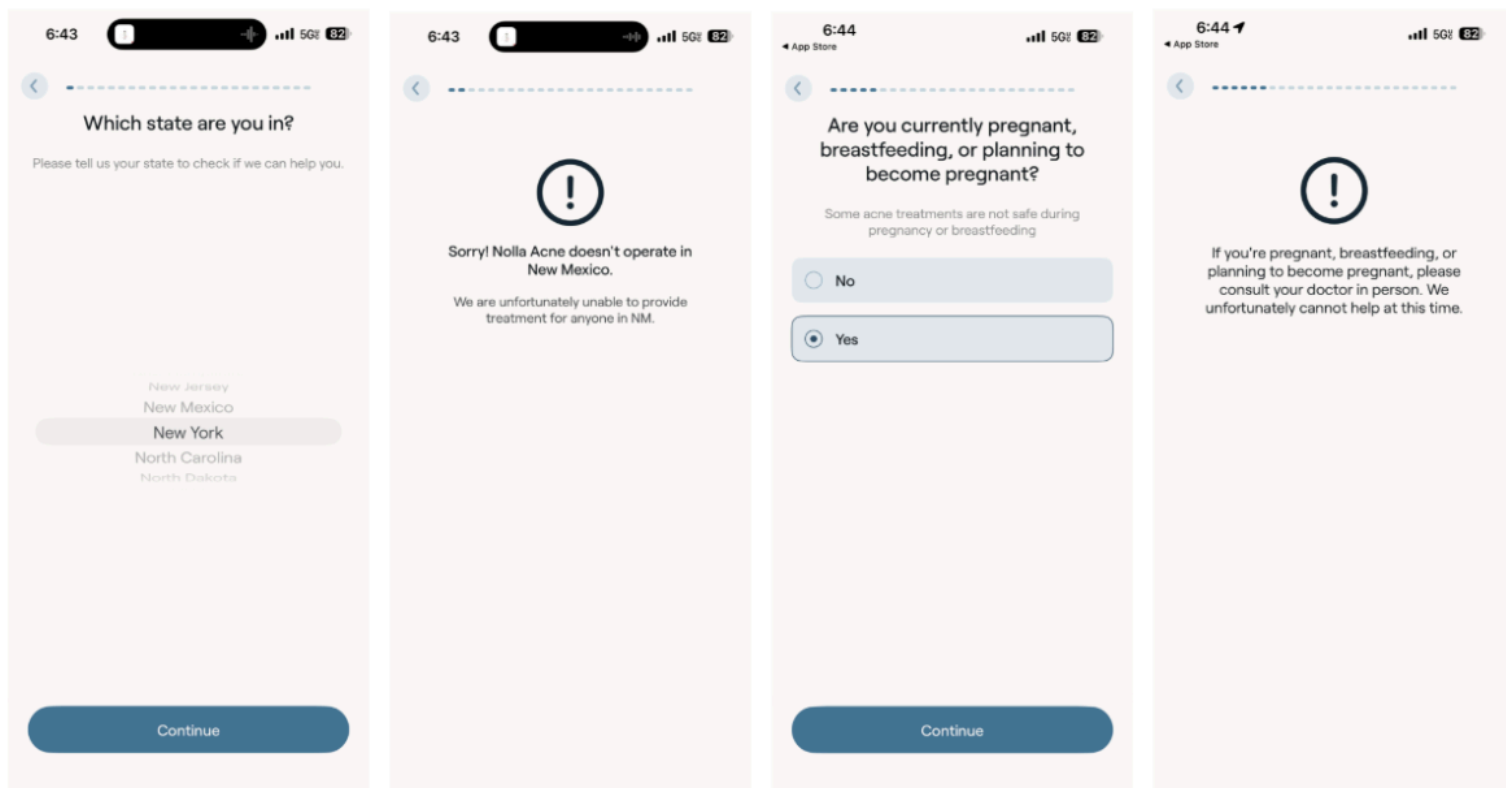
Medical:

- **Acne severity classified as severe or nodulocystic** - Acne severity scores above 3.5 (IGA scale) are automatically escalated to the overseeing physician for manual review before any prescription is issued. Acne severity classified as severe or nodulocystic (IGA 4.0) are hard stopped, and patients are directed to seek in-person dermatological care.
- **Self-reported pregnancy, aiming to become pregnant, or breastfeeding** - intake questionnaire
- **Known immunosuppression** - intake questionnaire
- **Severe kidney or liver disease** - intake questionnaire
- **Contraindicated conditions identified** - intake questionnaire
- **Prior adverse reaction to any formulary medication** - intake questionnaire

Logistical:

- **Non-Utah delivery address** - verified against phone geolocation during onboarding as well as address at checkout
- **Persistent insufficient image quality** - automated image quality gate; patient is prompted to retake before being exited from the flow and directed to contact support or seek in-person care

All triggered demographic and medical hard stops automatically route the patient to the overseeing physician or render them ineligible for the pilot. Logistical hard stops exit the patient from the flow without physician routing. All prescriptions are subject to a sampling-based hard stop review by a trained human QA reviewer to verify that hard stop flags have been correctly applied. Examples of our hard stops in-app shown below:



4.3 Medication Scope and Treatment Boundaries

The pilot is strictly limited to topical acne therapies with well-established safety profiles and long-standing use in dermatologic practice. AI-generated prescriptions during the pilot will be constrained to the following medications, prescribed in clinically appropriate strengths and formulations. All plans use the diagnosis code L70.0 (Acne vulgaris).

Compounded Formulation	Non-Compounded Retail Version	Type
Tretinoin 0.03% / Spironolactone 1% / Niacinamide 4%	Tretinoin 0.025% (topical spironolactone not available generically)	Rx
Tretinoin 0.06% / Spironolactone 1% / Niacinamide 4%	Tretinoin 0.05% (topical spironolactone not available generically)	Rx
Tretinoin 0.03% / Niacinamide 4%	Tretinoin 0.025%	Rx
Tretinoin 0.06% / Niacinamide 4%	Tretinoin 0.05%	Rx
Adapalene 0.125% / Niacinamide 4%	Adapalene 0.1%	Rx / OTC
Clindamycin 1.25% / Benzoyl Peroxide 4.25%	Clindamycin 1% + Benzoyl Peroxide 5%	Rx
Benzoyl Peroxide 4.25%	Benzoyl Peroxide 5%	Rx / OTC
Azelaic Acid 17.5% / Niacinamide 4%	Azelaic Acid 15%	Rx

All compounded formulations have a non-compounded version available at a local pharmacy. For formulations where the closest non-compounded version is available over the counter (Adapalene 0.125% / Niacinamide 4% and Benzoyl Peroxide 4.25%), and for Clindamycin 1.25% / Benzoyl Peroxide 4.25% where the substitute splits across an Rx and an OTC product, Nolla transmits a prescription to the pharmacy regardless. Patients with FSA/HSA accounts may require a prescription to qualify for reimbursement on OTC medications; some insurance plans cover OTC drugs at a lower copay when prescribed; and pharmacy-tracked prescriptions allow the supervising physician to monitor the full treatment regimen. For the two Tretinoin / Spironolactone formulations, topical spironolactone is not available in a non-compounded form - the compounded formulation is the only available option for patients whose treatment plan includes this ingredient. Patients are informed of all available options as part of their treatment plan and are encouraged to choose whichever delivers the best cost outcome for their situation.

Each patient receives both a morning and evening treatment as part of their plan. Patients may fulfill their prescription as a compounded formulation delivered to their home (\$49.99, covering both medications), or as non-compounded substitutes filled at a local pharmacy of their choice. The clinical recommendation is identical regardless of fulfillment path. The patient selects their preferred fulfillment option - the AI does not influence this choice.

No oral medications, systemic hormonal therapies, or isotretinoin will be prescribed as part of this pilot. The AI system is explicitly restricted from initiating or recommending therapies outside this predefined formulary. Any clinical presentation suggesting the need for therapies beyond this scope will automatically trigger escalation to the overseeing physician.

Treatment selection and dosing are guided by established clinical protocols embedded within the system and derived from widely accepted acne treatment guidelines.

4.4 AI Role and Human Oversight

Within the pilot, the AI system is responsible for initiating topical acne prescriptions for eligible patients based on structured assessment, image analysis, and predefined treatment protocols. The system is designed to operate conservatively, defaulting to first-line therapies and escalating care when adverse reactions, risk signals, or atypical clinical presentations are detected.

Patients retain the ability to request physician involvement at any time via direct in-app physician chat at no additional cost. In addition, the system includes automatic escalation pathways that route cases to the overseeing physician when predefined thresholds are met.

The AI does not withhold prescriptions in favor of lifestyle modifications alone. Clinical best practice for mild to moderate acne supports initiating a topical therapy even when lifestyle factors are present - untreated acne carries a risk of permanent scarring, and lifestyle changes alone take time to produce results. Early topical treatment is a scar-prevention measure, not a substitute for lifestyle guidance. Nolla's intake flow collects lifestyle information and incorporates it into the educational content patients receive alongside their treatment plan, so that patients understand that treatment and lifestyle changes work together rather than as alternatives. The

formulary includes varying strengths across formulations to match treatment intensity to mild, moderate, and cases in between.

Through structured follow-up and treatment response tracking, the system monitors whether lifestyle factors appear to be the primary driver of a patient's acne. When follow-up data suggests a larger intervention is warranted, the case escalates to the overseeing physician. Patients who have questions about lifestyle modifications, OTC alternatives, or their treatment plan have direct access to Nolla support chat and a licensed physician via in-app chat at no additional cost at any time.

This design ensures that AI autonomy remains bounded, transparent, and continuously supervised, while still enabling meaningful evaluation of AI-only prescription initiation for low-risk care of acne.

4.5 End-to-End Patient Journey

The following describes the high-level end-to-end experience for a Utah patient participating in the proposed pilot. This flow is designed to ensure transparency, patient choice, and appropriate safety oversight at each step.

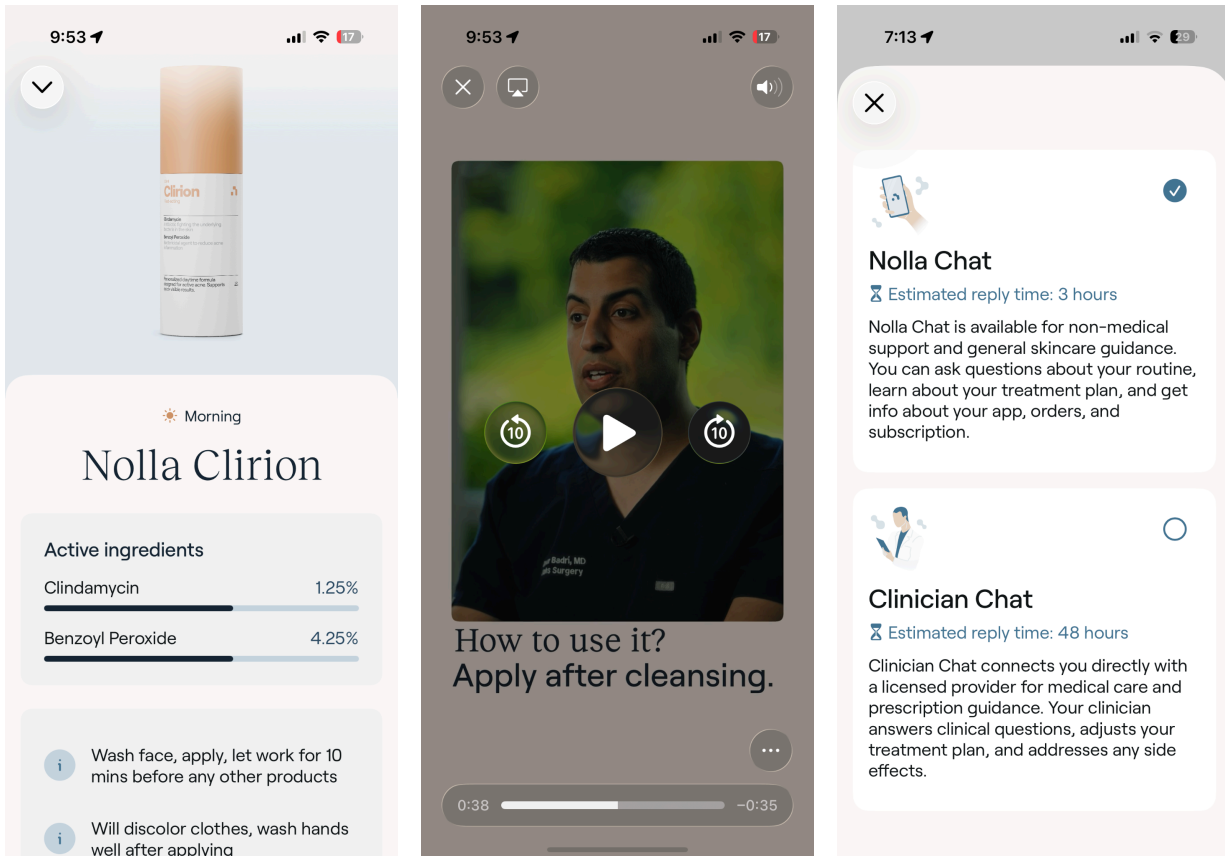
Cost: The Nolla Skin App is available at \$9.99/month. Patients participating in the Utah pilot receive a discounted rate of \$4.99/month for the duration of the pilot. This subscription covers daily AI scanning, educational content, telehealth service, and prescription transmission to a pharmacy of choice. Patients who select the generic fulfillment option pay their pharmacy directly, either through insurance or out of pocket; generic topical acne medications typically range from \$10-40 at retail, and are often available at no cost or low copay with insurance. Patients who select the compounded option pay \$49.99 directly to Nolla, covering both the morning and evening treatment and shipping to their home. Total time from app open to prescription handoff: approximately 10-15 minutes.

The major steps of the patient journey can be seen below:

1. **Account creation and identity verification** - Patient downloads the app, creates an account, and completes identity verification via Stripe Identity, which requires a government-issued photo ID and a selfie. Residency is confirmed via phone geolocation and delivery address at checkout (Utah only).
2. **Structured intake and image submission** - Patient completes a structured medical intake covering acne history, symptoms, prior treatments, and relevant health information. Image submission includes a standardized multi-angle capture sequence - front, up, down, left, and right - conducted under a built-in image quality assessment that rejects images taken in low lighting or poor conditions in real time. This full-coverage capture sequence is used for both the initial assessment and each subsequent daily check-in (~4-8 minutes total for initial intake).

3. **Eligibility screening and hard stop checks** - The system automatically screens for all hard stop conditions. Ineligible patients are either exited from the flow or routed to the overseeing physician depending on the nature of the hard stop.
4. **AI clinical assessment and treatment selection** - For eligible patients, the AI assesses acne severity and selects an appropriate first-line topical treatment from the approved formulary.
5. **Patient education** - Prior to prescription submission, patients receive medication-specific education covering ingredient overview, what to expect during treatment, and key risks. For retinoid prescriptions, this includes detailed instructions on application, skin adjustment, and mitigation strategies for common side effects such as dryness and purging. Education is delivered via an in-app treatment summary, a dedicated Learn section, an instructional video from Nolla's medical team, and pharmacy labeling. The Learn section provides extensive educational content across categories including treatment plans, products and ingredients, lifestyle and skin triggers, and the science of skin, accessible throughout the patient's care journey. Patients whose treatment plan includes formulations with OTC equivalents are informed of those options as part of their education flow.
6. **Safety attestations** - The patient completes required safety attestations (including pregnancy attestation) before the prescription is submitted.
7. **Prescription submission** - Stage 1: prescription submitted to staging for physician pre-review and approval before pharmacy submission by the AI system (up to 24 hours additional). Stage 2 onward: prescription submitted directly by the AI system.
8. **Pharmacy selection and medication delivery** - Patient selects preferred fulfillment: a non-compounded generic formulation sent to a local pharmacy of their choice (same day or next day pickup), eligible for payment with insurance or out of pocket; or a compounded formulation typically shipped from Nolla's compounding pharmacy partner within 3 days of prescription receipt and delivered within 3-7 days thereafter at \$49.99, covering both the morning and evening treatment. The subscription fee covers the telehealth service and prescription transmission for both options; the compounded medication incurs the separate \$49.99 charge. The AI does not influence this selection.
9. **Ongoing support** - Nolla chat provides AI-assisted responses to general questions within 2-3 hours. Patients also have 24/7 access to message a licensed physician directly in the app for any clinical question or escalation. Patients may also request a case review by the physician team at any point during their care journey, free of charge. The app's Learn section provides additional articles covering topics including skin purging, application techniques, onboarding frequency adjustments, and dryness management - accessible throughout the patient's care journey.
10. **Follow-up and monitoring** - Patients receive automated reminders and complete structured re-intake at each 28-scan milestone to assess tolerance, response, and any adverse outcomes.

Illustrations of steps (5) Patient education, and (9) Ongoing support are shown below:



4.6 Treatment Plan Duration and Engagement

Treatment Cycle:

While the formulary specifies a 90-day supply, prescriptions are renewed based on patient engagement rather than fixed time intervals - specifically, once a patient completes 28 face scans in the app. In practice, treatment cycles are typically 1-2 months in length.

Patient Engagement:

Patients are expected to complete a daily face scan to track treatment progress. The minimum engagement required to trigger a prescription renewal is 28 completed scans. Patient scan activity is displayed within the app to encourage adherence.

Reminders:

Patients can configure daily or AM/PM push notification reminders to prompt product use and scanning. If a patient has not scanned for 7 days, an automatic re-engagement nudge is sent. Nolla chat also proactively reaches out to patients around new treatments, lapses in activity, and other key touchpoints.

Prescription Renewal Intake:

At each 28-scan milestone, patients complete a structured re-intake before any treatment adjustment or renewal. This covers reported side effects, treatment improvements observed,

patient motivation, and amount of medication remaining. This intake drives the AI's treatment adjustment decision within the approved formulary.

Adverse Outcome Screening and Termination:

Adverse reactions are primarily captured through patient self-report - either via the structured re-intake at 28 scans or through Nolla chat, where patients can flag concerns at any time. Any reported adverse reaction triggers escalation to the overseeing physician. When a patient cancels or disengages, Nolla follows up via Nolla chat to understand the reason. There is no mandated off-boarding flow - patients may cancel at any time without restriction.

4.7 Pharmacy Communication

Prescription Identification and NPI:

All prescriptions issued under the pilot will be transmitted under the NPI of the overseeing physician. AI-initiated prescriptions will be identified as such in the prescription record so that pharmacists and regulators can clearly distinguish them from physician-initiated prescriptions. This structure ensures continuity with existing pharmacy workflows while maintaining transparency about the AI's role in the prescribing process.

Financial Relationship with Pharmacy Partners:

Nolla works with a compounding pharmacy partner to fulfill compounded medication orders. The \$49.99 compounded medication price functions primarily as a pass-through to that partner - across our compounded formulary, Nolla currently absorbs approximately 10% of each order's fulfillment cost on average. Nolla receives no referral fees, commissions, or rebates from its compounding pharmacy partner or any pharmacy benefit manager. This structure aligns Nolla's incentives with subscriber outcomes rather than prescription volume.

4.8 Patient Escalation to Physician Team

Escalation to the overseeing physician is designed to be frictionless and is available at any point during the patient journey. The overseeing physician is accessible directly via in-app physician chat - patients can escalate from Nolla chat or initiate contact with the physician directly at any time. There is no additional cost to the patient for physician access during the pilot, and patients may request a full case review at any point during their care journey.

For the Utah pilot, all escalations are routed to the oversight physician network. The lead physician holds primary responsibility for clinical escalations, with network coverage ensuring no escalation goes unreviewed due to individual physician unavailability.

Patients whose AI severity score exceeds 3.5 are escalated to the overseeing physician network for manual review before any prescription is issued. This review is free of charge and completed within 48 hours to minimize disruption to the patient experience. Patients classified at IGA 4.0 (severe or nodulocystic acne) are directed to seek in-person dermatological care. Because severity classification is determined by AI image assessment rather than patient self-report, patients cannot influence this outcome by underreporting symptoms.

Escalation Pathways:

- **Patient-initiated:** Patient accesses physician chat directly via the app at any time. Typical response time is within 24 hours.
- **AI-initiated:** Automatic escalation triggered by hard stops, adverse reactions, lack of expected treatment response, or other predefined clinical signals.
- **Inactivity-triggered:** Patients who have not scanned for 7 days receive an automatic re-engagement nudge, which can escalate to physician review if concerns are identified.
- **Pharmacist-initiated:** If a pharmacist has a concern about a prescription, they contact Nolla via patients@nollahealth.com or the dedicated pharmacy phone line. Nolla's support team reviews and escalates to the overseeing physician as appropriate.

Given the intentionally narrow and low-risk scope of the pilot - topical creams for mild to moderate acne in adults - the volume of clinical escalations is expected to remain low. All escalations are logged, reviewed, and included in reporting to the State of Utah.

4.9 Patient Selection and Verification

Identity Verification:

Patient identity is verified during account creation via Stripe Identity, which requires a government-issued photo ID and a selfie. Patients who fail identity verification are hard-stopped and cannot proceed to prescription.

Age Verification:

Patient age is captured via date of birth during intake and confirmed through Stripe Identity verification. Any patient under 18 is automatically hard-stopped and exited from the flow.

Residency Verification:

Utah residency is verified through the patient's delivery address at checkout and phone geolocation. Prescriptions are only dispensed to Utah addresses during the pilot period.

Informed Consent:

Informed consent is obtained through a structured in-app consent flow prior to any clinical interaction. The process includes: a plain-language explanation of the service and its scope; clear disclosure of AI involvement in care delivery and the pilot context; explicit acknowledgment that the patient may access the overseeing physician at any time; disclosure that treatment selection is based solely on clinical factors and does not incorporate medication cost as a variable, and that patients choose their fulfillment path independently with transparent pricing presented at the point of selection; electronic signature; and click-through acceptance of the full terms. A complete informed consent PDF is available for download from the app at any time. Consent is timestamped and logged for audit purposes.

4.10 Pre-Deployment Validation and Benchmarks

Training Dataset and Scoring Framework:

Nolla has consolidated a dataset of over 100,000 clinically confirmed acne cases with images labeled by trained experts using two established clinical scoring frameworks.

The FDA-recommended Investigator Global Assessment (IGA) provides a simplified 5-point global assessment (0-4):

- 0 = Clear: No inflammatory or non-inflammatory lesions
- 1 = Almost Clear: Rare lesions, mostly non-inflammatory, no more than one papule
- 2 = Mild: Some non-inflammatory lesions, few inflammatory lesions
- 3 = Moderate: Many non-inflammatory lesions, some inflammatory lesions
- 4 = Severe: Many inflammatory and non-inflammatory lesions, potential nodules

The IGA has demonstrated robust inter-rater reliability for over a decade, with weighted kappa values ranging from 0.52 to 0.75 (Tan et al., 2013²⁵; FDA Guidance Document, 2018²⁶). The Global Acne Grading System (GAGS) complements the IGA by dividing the face into six regions (forehead, right cheek, left cheek, nose, chin, chest/back) and scoring based on:

- **Area:** weighted by surface area
- **Oiliness:** weighted by sebum production
- **Lesion type:** No lesion=0, Comedone=1, Papule=2, Pustule=3, Nodule=4
- **Regional factors:** Forehead=2, Right cheek=2, Left cheek=2, Nose=1, Chin=1, Chest/back=3

Total GAGS score ranges from 0 to 44, normalized to a 0-4 scale for harmonization with IGA.

Model Architecture and Training:

The Nolla acne severity scoring model is built on a Vision Transformer (ViT) backbone, fine-tuned end-to-end for continuous acne severity regression. The model processes standardized facial images by dividing them into patches and analyzing spatial relationships across the entire image simultaneously - an approach that captures long-range facial patterns more effectively than traditional image recognition methods. Model inputs consist of a standardized five-angle image sequence (front, up, down, left, right), ensuring full facial coverage across all assessments.

The model was trained on over 100,000 (typical datasets contain <10,000 cases) labeled acne cases spanning the full IGA severity range (0.0-4.0), using an aggressive augmentation strategy to maximize robustness across real-world image conditions including variation in lighting, angle, skin tone, and image quality. The result is a model that outputs a continuous severity score on the IGA scale, rather than a coarse categorical label, enabling more precise treatment selection.

Treatment Plan Selection:

The AI-generated severity score is provided as a structured input to a large language model (LLM) inference layer, which synthesizes the score alongside patient-specific contextual information collected during intake - including prior treatments, reported symptoms, skin

sensitivity, and contraindications - to generate a candidate topical formulation recommendation from the approved formulary. The LLM selects the treatment optimized for the patient's specific severity profile and clinical context within the predefined protocol boundaries.

Pre-Deployment Performance:

Benchmarking was conducted on a held-out test set of 10,348 acne cases, strictly separated from training and validation data throughout model development. Uncertainty quantification was obtained via bootstrapping with 2,000 resampling iterations, yielding 95% confidence intervals.

- **$R^2 = 0.947$** (95% CI: 0.940-0.953) - the model explains approximately 94.7% of the variance in expert-assigned severity scores, exceeding the medical utility threshold of $R^2 \geq 0.90$ for automated acne scoring and representing state-of-the-art performance in this field
- **Mean Absolute Error (MAE) = 0.111** (95% CI: 0.107-0.115) on the normalized IGA scale (0.0-4.0)
- **Pearson $r = 0.977$** ($p < 0.05$; 95% CI: 0.974-0.980) - strong linear concordance between model predictions and expert labels
- **Spearman $\rho = 0.785$** ($p < 0.05$) - robust monotonic agreement across the severity distribution
- **Bland-Altman mean bias = -0.072** - a slight systematic underestimation of severity below 1.8%, with 95% limits of agreement of [-0.529, +0.385], considered clinically acceptable given inherent inter-rater variability in human dermatologist scoring

Real-World Clinical Concordance:

Beyond pre-deployment benchmarking, real-world performance data from Stage 0 provides additional validation. Across the last 1000 treatments in the Nolla Skin App, current licensed clinicians agreed with the AI-generated treatment recommendation in ~96% of cases. The remaining 4% involved minor single-step strength adjustments within the same medication class (e.g., tretinoin 0.03% to 0.06%), with no cases requiring a materially different treatment approach.

4.11 Stage-Gated Deployment Framework

The pilot will operate under a stage-gated deployment framework designed to ensure patient safety, preserve physician oversight, and allow for structured evaluation before progression to increased AI autonomy. Advancement between stages will be contingent on predefined safety and performance criteria and conducted in coordination with the State of Utah. Progression may be paused or reversed at any stage if safety concerns arise.

Performance Targets (All Stages):

- AI-physician treatment concordance: $\geq 95\%$
- Hard stop detection: 0 missed hard stops after sampling-based human QA review
- Serious adverse events: 0; any serious adverse event triggers immediate review and pause

Stage 0 - Current Operating State:

- Status: Currently ongoing
- Prescribing model: AI generates treatment recommendations; licensed physicians review, approve, and submit prescriptions
- Baseline concordance: $\geq 95\%$ over last 12 weeks

Stage 1 - Pre-Submission Physician Review:

- Minimum duration: 4 weeks
- Minimum patients: 100
- Prescribing model: AI submits to staging; overseeing physician reviews and approves every prescription before submission; concordance measured on 100% of cases
- Gate criteria: $\geq 95\%$ concordance, 0 missed hard stops after QA, 0 serious adverse events, 100% physician pre-review completion
- Dual independent physician review: each prescription during Stage 1 is reviewed by two independent Utah-licensed physicians from the oversight network

Stage 2 - Retrospective Physician Review:

- Minimum duration: 8 weeks
- Minimum patients: 500 (cumulative)
- Prescribing model: AI submits directly; overseeing physician retrospectively reviews all cases at least weekly; concordance measured on 100% of cases
- Gate criteria: $\geq 95\%$ concordance sustained, 0 missed hard stops after QA, 0 serious adverse events, no adverse safety trends

Stage 3 - Ongoing Deployment:

- Minimum patients: 750 (cumulative)
- Prescribing model: AI submits within approved scope; monthly sampling-based retrospective review by the overseeing physician network covering a minimum of 10% of enrollment volume to ensure concordance. Any case involving an adverse event or escalation is reviewed in full regardless of sampling.
- Reporting: monthly safety summaries, quarterly reports to State of Utah

Escalation Criteria (All Stages):

Escalation criteria are consistent across all stages: insufficient image quality after retake prompts; severe or nodulocystic acne classification; any hard stop condition from intake; patient-reported adverse reaction; lack of expected treatment response at renewal intake; patient request for physician involvement. Stage gates govern oversight level for non-escalated cases only.

Longitudinal Adverse Outcome Monitoring (All Stages):

All stages include longitudinal adverse outcome monitoring. At each 28-scan milestone, patients complete a structured re-intake covering side effects, treatment improvements, motivation, and medication supply remaining. Any adverse outcome reported triggers immediate physician escalation regardless of stage.

5. Data Collection, Risk Monitoring, and Safety

Data collection, review, and reporting during the pilot are designed to support patient safety, regulatory oversight, and continuous quality improvement. The safeguards, monitoring mechanisms, and reporting processes described in this section apply to the approved pilot configuration. The scope of data collected and shared is intentionally focused on identifying safety signals, monitoring operational risk, and ensuring adherence to defined clinical protocols.

5.1 Data Collected for Safety and Oversight

During the pilot, the following categories of data will be collected as part of routine care delivery and safety monitoring, and is limited to necessary information for care, safety, and evaluation:

Clinical Inputs:

- Patient-submitted images
- Structured patient-reported symptoms and medical history

Prescribing Activity:

- AI-generated prescription decisions
- Escalations to the overseeing physician
- Physician interventions, when applicable

Safety and Tolerance Signals:

- Reported adverse reactions or side effects
- Treatment intolerance
- Early discontinuation of therapy
- Escalation due to safety concerns

Operational and System Signals:

- Image quality failures
- Protocol deviations
- System-triggered uncertainty flags

5.2 Risk Identification and Mitigation

The pilot incorporates multiple mechanisms to identify and mitigate foreseeable risks associated with AI-initiated topical acne prescribing, including risks related to image quality, severity scoring, misclassification, adverse reactions, and contraindications. Risk mitigation measures include automated image quality gating, conservative default treatment selection, hard exclusion criteria, and continuous access to the overseeing physician.

5.3 Physician Review and Quality Monitoring

The overseeing physician will conduct retrospective review of AI-generated prescribing decisions in accordance with the phased deployment plan described in Section 4. Reviews are intended to assess protocol adherence, identify safety concerns or deviations, evaluate escalation behavior, and inform system refinement. Comparisons between AI-generated decisions and physician

review outcomes will be used for internal quality assurance, safety monitoring, and to support claims of clinical non-inferiority.

5.4 Data Sharing and Reporting to the State of Utah

The State of Utah will receive regular, aggregate, de-identified reports summarizing pilot activity, safety performance, and identified risk signals. Data will be shared on a monthly basis (safety summaries) and quarterly basis (full operational reports). The following represents the target range of core data shared:

Consultation Outcome Matrix:

- Rationale: Understanding how the system handles different patient presentations is central to evaluating safety and appropriateness.
- Metric: Initiated consultations; AI-aborted (hard stop); AI-aborted (image quality); AI-aborted (complex presentation); human-aborted; completed with prescription by formulary drug; escalated to physician.

Escalation Breakdown:

- Rationale: Understanding the nature and quality of escalations is a key indicator of system safety.
- Metric: Escalation rate; breakdown by initiating party (AI vs. patient); specific reason for escalation; false positive/negative rate on physician retrospective review.
- Acne Score: Escalations due to acne severity score are tracked as a distinct category, enabling OAIP to monitor whether borderline cases are being appropriately reviewed.

Treatment Concordance Rate:

- Rationale: Physician agreement with AI recommendations is the primary safety metric for the pilot.
- Metric: % of AI recommendations agreed with by physician; nature of modifications made; trends over time.

Patient Engagement and Completion:

- Rationale: Real-world engagement data indicates the practical utility of the service.
- Metric: Fraction of patients completing treatment; distribution of engagement duration; reasons for early disengagement where captured.

Geographic Distribution:

- Rationale: Access to dermatological care in rural Utah is a key policy interest.
- Metric: De-identified distribution of patients and filling pharmacies by city or zip code.
- De-identified sample data, including images, may be made available upon request for oversight or investigation purposes, subject to applicable privacy and security safeguards.

5.5 Reporting Cadence and Escalation

- Monthly safety summaries
- Quarterly consolidated safety and operational reports for ongoing deployment

- Notification of any serious or unexpected adverse event, material protocol deviation, or safety concern requiring urgent review

Reporting frequency and content may be adjusted in coordination with the State of Utah based on observed pilot performance and oversight needs.

5.6 Pilot Success Metrics

Pilot success will be evaluated based on safe, predictable operation within the approved clinical scope, with effective escalation and physician oversight. The following success metrics will be monitored throughout the pilot:

Prescribing Adherence:

- Target: 100% of AI-initiated prescriptions remain within the approved formulary, dosing ranges, and protocol boundaries.
- Measurement: Physician audit of prescribing logs.

Escalation Behavior:

- Target: 0 material missed escalations on retrospective physician review.
- Measurement: Real-time escalation trigger logs combined with physician audits of non-escalated cases.

Physician Oversight Completion:

- Target: 100% completion of required physician reviews (pre-submission, retrospective, or sampling-based, depending on pilot stage).
- Measurement: Review completion logs and physician QA records.

Patient Education and Confirmation:

- Target: 100% completion of required medication education and safety attestations prior to treatment initiation.
- Measurement: Education completion and attestation records.

5.7 Data Retention and Use

All data collected during the pilot will be managed in accordance with applicable HIPAA requirements and standard healthcare data retention practices. Data will be used for patient care delivery, safety monitoring, regulatory reporting, and internal quality improvement. Where appropriate, data may be de-identified in accordance with applicable privacy standards and used for research, analysis, or publication purposes related to the evaluation of AI-enabled care delivery. Any such use will involve only de-identified, aggregate data and will not include patient identifiers.

5.8 Data Privacy, Security, and Access Controls

Patient data collected during the pilot will be protected through administrative, technical, and operational safeguards consistent with HIPAA requirements and standard healthcare security practices. Access to patient data is restricted to authorized personnel based on role and

necessity, and all access is logged and auditable. Clinical images and patient information are stored securely and are not used for secondary purposes outside care delivery, safety oversight, regulatory reporting, and research. Data is not shared with third parties except as required to deliver care, support pharmacy fulfillment, or comply with regulatory oversight requests.

5.9 Electronic Health Records

For the Utah pilot, Nolla Health will operate through Magic Health Services, LLC, a subsidiary of Magic Health, Inc., and will implement a formal EHR infrastructure integrated with electronic prescription submission. This structure is purpose-built for the pilot and ensures clinical records are maintained in a compliant, auditable system.

What is Included in the EHR:

Each patient interaction generates a clinical record containing: patient medical information collected during intake, clinical notes from the AI assessment and any physician interactions, and prescription records. Nolla app-specific data (face scans, scan history, chat logs) is maintained within the Nolla system and is not duplicated in the EHR.

Patient Access to Records:

Patients may request a copy of their clinical record at any time by contacting Nolla Health support. There is no self-serve patient portal for record access during the pilot. Records are provided in a readable format upon request.

Sharing with External Providers:

Record sharing with external healthcare providers is not supported during the pilot period. Prescription data is transmitted electronically to the fulfilling pharmacy. Nolla will evaluate expanded interoperability for future phases.

Record Deletion:

Patients may request deletion of their personal data by contacting Nolla Health support or directly through the app. Certain clinical records must be retained in accordance with HIPAA and applicable Utah state healthcare data retention requirements. Patients are informed of these obligations at the time of their deletion request.

5.10 Longitudinal Outcome Observation

Customer Satisfaction:

Patient satisfaction is measured through structured in-app surveys delivered at two touchpoints: during the initial intake and at each 28-scan renewal milestone. Surveys capture treatment motivation and overall experience rating. Aggregate satisfaction data is included in quarterly reports to the State of Utah.

Short and Long-Term Adverse Outcome Monitoring:

Adverse outcome monitoring is conducted on a scan-based cadence rather than fixed time intervals, reflecting the engagement-driven nature of the treatment model. At each 28-scan milestone (~1-2 months), patients complete a structured re-intake screening for side effects,

treatment improvements, motivation, and medication supply remaining. Patients can additionally flag adverse reactions at any time via Nolla chat, which escalates to the overseeing physician and opens a clinical review ticket as needed. Given the intentionally narrow and low-risk scope of the pilot, no additional time-based long-term follow-up is required beyond the scan-based cadence and cancellation outreach described above.

5.11 Third-Party Involvement and Accountability

Complaint Line:

- **Rationale:** Provides patients and pharmacists with an independent channel to raise concerns outside of the clinical support pathway, ensuring accountability and transparency.
- **Mechanism:** Dedicated patient complaint line (phone and email) separate from clinical support. Complaints are logged, reviewed, and included in quarterly reports to OAIP.

Public Disclosure and Publication:

- **Rationale:** Transparency in pilot performance builds public trust and contributes to the broader evidence base for AI-enabled care delivery.
- **Mechanism:** Aggregate de-identified pilot performance data published on the Nolla Health website quarterly. Nolla Health intends to submit pilot findings for peer-reviewed journal publication following completion of the pilot period.
- **Collaboration:** Nolla Health welcomes the opportunity to collaborate with the State of Utah on any joint publication of pilot findings. This includes coordinating on IRB requirements, seeking State blessing for publication, and aligning on data sharing and authorship prior to submission. Nolla will not publish pilot findings without prior notice to and alignment with the State of Utah, and any publication will be de-identified and aggregated.

Public Announcement:

- **Rationale:** Proactive public communication about the pilot signals confidence in the approach and invites accountability from the broader public and healthcare community.
- **Mechanism:** Nolla Health intends to issue public announcements upon pilot agreement and launch, in coordination with the State of Utah. This may take the form of a joint press release or coordinated public statement. Nolla will not make any public announcement regarding the pilot without notifying the State of Utah.

5.12 Privacy Policy and Data Protections

Nolla Health's updated patient-facing Terms of Service and Privacy Policy for this pilot will be shared prior to the pilot moving forward.

Conclusion

Nolla Health welcomes the opportunity to reconnect over a follow-up discussion or video call to address any questions, provide additional detail, or refine the proposal in partnership with the State of Utah. To support the State's review process, Nolla is pleased to offer the Office of Artificial Intelligence Policy sandbox access to the Nolla Skin App so that reviewers can experience the full patient flow firsthand - from account creation and image capture through eligibility screening, AI assessment, treatment selection, patient education, and pharmacy selection. We believe direct experience with the system is the most effective way to evaluate its design, safeguards, and patient-facing disclosures. Please contact us at any time to arrange access.

References

- ¹ Soenksen, L.R., Kassis, T., Conover, S.T., Marti-Fuster, B., Birkenfeld, J.S., Tucker-Schwartz, J., Naseem, A., Stavert, R.R., Kim, C.C., Senna, M.M. and Avilés-Izquierdo, J., 2021. Using deep learning for dermatologist-level detection of suspicious pigmented skin lesions from wide-field images. *Science Translational Medicine*, 13(581), p.eabb3652.
- ² Groh, M., Badri, O., Daneshjou, R., Koochek, A., Harris, C., Soenksen, L.R., Doraiswamy, P.M. and Picard, R., 2024. Deep learning-aided decision support for diagnosis of skin disease across skin tones. *Nature Medicine*, 30(2), pp.573-583.
- ³ Soenksen, L.R., Ma, Y., Zeng, C., Boussioux, L., Villalobos Carballo, K., Na, L., Wiberg, H.M., Li, M.L., Fuentes, I. and Bertsimas, D., 2022. Integrated multimodal artificial intelligence framework for healthcare applications. *NPJ Digital Medicine*, 5(1), p.149.
- ⁴ Groh, M., Harris, C., Soenksen, L., Lau, F., Han, R., Kim, A., Koochek, A. and Badri, O., 2021. Evaluating deep neural networks trained on clinical images in dermatology with the Fitzpatrick 17k dataset. In *Proceedings of the IEEE/CVF Conference on Computer Vision and Pattern Recognition*, pp.1820-1828.
- ⁵ Valeri, J.A., Soenksen, L.R., Collins, K.M., Ramesh, P., Cai, G., Powers, R., Angenent-Mari, N.M., Camacho, D.M., Wong, F., Lu, T.K. and Collins, J.J., 2023. BioAutoMATED: an end-to-end automated machine learning tool for explanation and design of biological sequences. *Cell Systems*, 14(6), pp.525-542.
- ⁶ American Academy of Dermatology. Skin conditions by the numbers. Available at: <https://www.aad.org/media/stats-numbers>. Accessed February 3, 2026.
- ⁷ Chang, J., Nock, M.R., Cohen, J.M. and Bunick, C.G., 2023. Acne accounts for an almost 2.5-fold higher proportion of dermatology visits among adult females compared to adult males in the United States: A study of the national ambulatory medical care survey from 2002-2016. *PLoS One*, 18(9), p.e0290763.
- ⁸ Li, Y., Hu, X., Dong, G., Wang, X. and Liu, T., 2024. Acne treatment: research progress and new perspectives. *Frontiers in Medicine*, 11, p.1425675.
- ⁹ Ayer, J. and Burrows, N., 2006. Acne: more than skin deep. *Postgraduate Medical Journal*, 82(970), pp.500-506.
- ¹⁰ Mahmood, N.F. and Shipman, A.R., 2017. The age-old problem of acne. *International Journal of Women's Dermatology*, 3(2), pp.71-76.
- ¹¹ de Vries, F., Driessen, R., Tjin, E., Westenberg, A., Vehof, H. and van de Kerkhof, P., 2022. The association between acne care provision and quality of life: A cross-sectional survey. *Health Science Reports*, 5(2), p.e487.

¹² Zheng, D.X., Cwalina, T.B., Friedl, S.L., Jella, T.K., Bullock, T.A., Xiang, L. and Levoska, M.A., 2025. Outpatient dermatology appointment wait times for United States military veterans, 2014–2021. Archives of Dermatological Research, 317(1), p.173.

¹³ Statista Research Department (2025) Wait times for a dermatology appointment in the U.S. 2004-2025 [Graph]. Nov 24, 2025. Available at: <https://www.statista.com/statistics/1489221/dermatology-office-wait-times-in-days/> (Accessed: Feb 9th, 2026).

¹⁴ Yentzer, B.A., Hick, J., Reese, E.L., Uhas, A., Feldman, S.R. and Balkrishnan, R., 2010. Acne vulgaris in the United States: a descriptive epidemiology. Cutis, 86, pp.94-99.

¹⁵ Corcoran, L., Muller, I., Layton, A.M., Rucinski, G., Venkatess, V., Sufray, A., Dove, S., Lown, M., Stuart, B., Francis, N. and Santer, M., 2023. Systematic review of clinical practice guidelines for acne vulgaris published between January 2017 and July 2021. Skin Health and Disease, 3(4), pp.ski2-240.

¹⁶ Bowles, T.L., Sweeney, C., Snyder, J., Gygi, J., Bott, B., Wray, D., Yeatman, T.J. and Sause, W.T., 2021. Impact of rurality on melanoma diagnosis in Utah. Melanoma Management, 8(2), p.MMT56.

¹⁷ The Salt Lake Tribune, 2024. How health care shortages affect rural Utahns, and what the state is doing to help. April 3, 2024. Available at: <https://www.sltrib.com/news/2024/04/03/how-health-care-shortages-affect/>

¹⁸ Akbarialiabad, H., Taghrir, M.H., Del Rosso, J., Bunick, C.G. and Grada, A., 2025. Trends in acne vulgaris burden in the United States: national and state-level estimates (2010–2021). Presented at: Society for Investigative Dermatology Annual Meeting, May 7–10, 2025, San Diego, CA. Reported in: Dermatology Times, June 2025, 46(6).

¹⁹ MDacne, 2025. Acne statistics, update. Available at: <https://www.mdacne.com/article/acne-statistics-update> (Accessed: Apr 8, 2026).

²⁰ BetterCare, 2025. How Much Does a Dermatologist Cost? Available at: <https://bettercare.com/costs/dermatologist-cost> (Accessed: Apr 8, 2026).

²¹ DermOnDemand, 2025. How Much Is a Dermatologist Visit With Health Insurance? Available at: <https://dermondemand.com/blog/how-much-is-a-dermatologist-visit-with-health-insurance/> (Accessed: Apr 8, 2026).

²² Nizar, N.A., Farooki, R., Mahapatra, P., Halpern, S. and Hoogenboom, T.C.H., 2024. Patient cost analysis of a community-based teledermatology service versus conventional outpatient appointments in East Kent. BMC Health Services Research, 24(1), p.1632.

²³ Salary.com, 2026. Dermatologist Salary in Utah. Available at: <https://www.salary.com/research/salary/alternate/dermatologist-salary/ut> (Accessed: Apr 8, 2026).

²⁴ Medscape, 2024. Physician Burnout and Depression Report 2024. Available at: <https://www.medscape.com/slideshow/2024-lifestyle-burnout-6016865> (Accessed: Apr 8, 2026).

²⁵ Tan, J., Wolfe, B., Weiss, J., Stein-Gold, L., Bikowski, J., Del Rosso, J., Torok, H. and Berson, D., 2013. Evaluating the use of a validated Investigator Global Assessment scale as a primary efficacy endpoint for acne clinical trials. *Journal of Cutaneous Medicine and Surgery*, 17(3), pp.185-192.

²⁶ U.S. Food and Drug Administration, 2018. Acne vulgaris: developing drugs for treatment. Guidance for Industry. Available at: <https://www.fda.gov/media/71287/download>.