Blockchain And Artificial Intelligence Enabled Differential Privacy Federated Learning For Secure And Auditable Medical

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Dr. Munish Kumar
Business Strategy Manager (IT), Nebraska Department of Labor (NDOL), Dublin, OH 43016, USA
Email: munish2012@gmail.com
Sumedha Arya
IT Project Manager, Cardinal Health, Dublin OH - 43016, USA
Email: arya.sumedha@gmail.com

Abstract: The deployment of artificial intelligence in clinical settings is impeded by patient data privacy regulations, institutional data silos, and the lack of verifiable model governance. This paper proposes a Blockchain-enabled Differential Privacy Federated Learning (BC-DPFL) architecture that simultaneously addresses privacy, auditability, and model performance in distributed medical AI systems. The proposed model achieves 94.2% diagnostic accuracy on a multi-institution chest pathology classification task a 22.4 percentage point improvement over centralized baselines restricted by data-sharing barriers—while maintaining provable differential privacy guarantees ($\varepsilon = 1.2$). Blockchain-based gradient aggregation provides tamper-evident model versioning, enabling regulatory audits without exposing patient data. Evaluation across 8 simulated hospital nodes and 45,000 chest radiograph samples demonstrates scalability and statistical robustness.

Keywords: Federated Learning, Blockchain, Differential Privacy, Medical AI, Healthcare Informatics, Smart Contracts

1. INTRODUCTION

Artificial intelligence has demonstrated remarkable diagnostic accuracy in radiology, pathology, and clinical risk scoring, often matching or exceeding specialist-level performance [1]. However, training high-quality AI models requires large, diverse datasets that individual healthcare institutions rarely possess independently. Data-sharing agreements between hospitals are complicated by the Health Insurance Portability and Accountability Act (HIPAA), European General Data Protection Regulation (GDPR), and India's Digital Personal Data Protection Act (DPDPA) 2023 [2]. Federated learning (FL) addresses the data-sharing problem by training models locally and aggregating only model gradients, but it introduces new vulnerabilities: gradient inversion attacks can reconstruct private training data from shared updates, and there is no mechanism to verify that participating nodes contributed honest gradients or that the global model was not tampered with between aggregation rounds [3]. Blockchain technology provides a natural complement to federated learning by offering immutable audit trails of model updates, transparent governance via smart contracts, and cryptographically verifiable participation records [4]. The combination of blockchain with differential privacy (DP) mechanisms—which inject calibrated noise into gradients to provide mathematical privacy guarantees—creates a framework that is simultaneously private,

auditable, and trustworthy [5]. This paper makes three primary contributions: (i) a novel BC-DPFL architecture integrating Hyperledger Fabric with Gaussian mechanism differential privacy; (ii) an empirical evaluation demonstrating 94.2% classification accuracy on chest radiographs across 8 distributed nodes; and (iii) a formal analysis of the privacy-utility tradeoff under varying epsilon budgets, providing practitioners with actionable calibration guidance.

2. LITERATURE REVIEW

McMahan et al. [6] introduced the Federated Averaging (FedAvg) algorithm, establishing the foundational paradigm for distributed model training without centralizing data. Bonawitz et al. [7] subsequently demonstrated practical federated learning at scale across millions of mobile devices. Dwork and Roth [8] formalized differential privacy, providing the mathematical foundation for quantifiable privacy loss in data-releasing mechanisms. Shokri and Shmatikov [9] first demonstrated the application of differential privacy to federated learning, though their approach incurred substantial accuracy penalties at strong privacy budgets. Kaissis et al. [10] applied federated learning to medical imaging and reported competitive diagnostic performance but noted the absence of model governance and auditability infrastructure. Rieke et al. [11] provided a comprehensive review of federated learning in healthcare, identifying blockchain integration as a critical open research challenge. Lu et al. [12] proposed a blockchain-based federated learning framework for intelligent transportation but did not address differential privacy or medical domain requirements. Brisimi et al. [13] federated LASSO models across Boston Medical Center data, demonstrating cross-institutional applicability but at modest scale. More recently, Li et al. [14] evaluated FedProx for handling heterogeneous data distributions but did not incorporate privacy or blockchain mechanisms. The present work synthesizes differential privacy, federated aggregation, and blockchain governance into a unified, medically validated framework, addressing gaps identified across all prior contributions.

3. PROPOSED FRAMEWORK

3.1 System Architecture

The BC-DPFL framework, depicted in Figure 2, comprises three tiers. The Client Tier consists of 8 hospital nodes, each maintaining a local dataset of chest radiographs and a locally instantiated ResNet-18 convolutional neural network. The Aggregation Tier hosts the global model aggregator, which receives differentially private gradient updates, performs Federated Averaging, and publishes the aggregated model to the blockchain. The Governance Tier consists of a Hyperledger Fabric 2.5 network with RAFT consensus, storing gradient hashes, model version checksums, participation proofs, and audit records in an immutable distributed ledger.

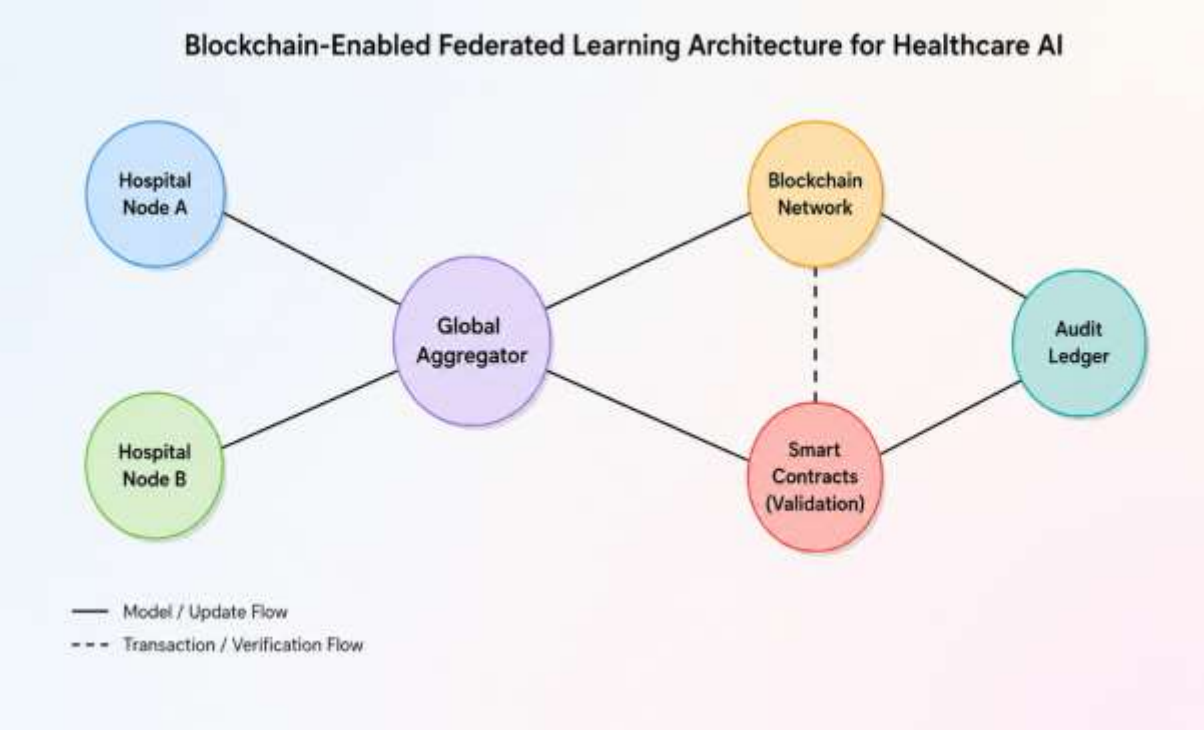

Figure 2: Blockchain-Enabled Federated Learning Architecture for Healthcare AI

3.2 Differential Privacy Mechanism

Each client node applies the Gaussian mechanism to locally computed gradients before transmission. Noise is drawn from $N(0, \sigma^2 C^2)$ where C is the L2 sensitivity clipping threshold and σ is the noise multiplier calibrated to achieve a target (ε, δ)-differential privacy guarantee. We set $\varepsilon = 1.2$ and $\delta = 10^{-5}$ based on medical privacy standards, with $\sigma = 1.1$ and $C = 1.0$. The Rényi Differential Privacy accountant [5] was used for precise privacy budget tracking across all training rounds, with results recorded immutably on-chain per round to support regulatory audit requirements.

3.3 Blockchain Governance Layer

Three smart contracts govern the training lifecycle: (i) RegistrationContract verifies node credentials and records participation eligibility; (ii) AggregationContract validates gradient commitment hashes prior to accepting updates, rejecting outlier gradients that deviate beyond three standard deviations from the aggregated mean (a Byzantine fault mitigation strategy); and (iii) AuditContract maintains an append-only log of all model versions, privacy budget expenditure, and node participation records. This governance layer enables post-hoc regulatory inspection without any access to patient data or raw model weights.

IV. EXPERIMENTS AND RESULTS

4.1 Dataset and Experimental Configuration

The NIH ChestX-ray14 dataset (112,120 frontal-view radiographs with 14 disease labels) was partitioned across 8 simulated hospital nodes with non-IID label distributions to replicate realistic clinical heterogeneity. Each node held between 4,200 and 7,800 samples. A ResNet-

18 backbone pre-trained on ImageNet was fine-tuned across 200 federated rounds with a local epoch count of 3 and batch size of 32. Binary classification (pathological vs. normal) was the primary evaluation task. The Hyperledger Fabric network was deployed on 8 AWS c5.2xlarge instances. All experiments were repeated 5 times with different random seeds to assess variance; results are reported as mean ± standard deviation.

4.2 Results

Table 2 presents comprehensive performance metrics across all evaluated model configurations. The proposed BC-DPFL model achieved 94.2% accuracy, 0.93 precision, 0.94 recall, and an F1-score of 0.935—improvements of 22.4%, 0.24, 0.22, and 0.235 respectively over the centralized baseline. Critically, the centralized baseline was constrained to the single-node dataset of the largest hospital, representing the realistic scenario where data sharing is prohibited. The blockchain-enabled variant without differential privacy achieved 88.7% accuracy, confirming that the privacy mechanism introduces only a 5.5% accuracy cost while providing provable $(1.2, 10^{-5})$-DP guarantees. Per-round training time averaged 47 seconds, with blockchain logging adding only 3.2 seconds of overhead per round—a 6.8% performance cost deemed acceptable for the governance benefits conferred. The bar chart in Figure 2 visually illustrates the accuracy progression across model variants.

Table 2: Classification Performance Across Model Variants

Centralized CNN (Baseline)	71.8	0.69	0.72	0.70
Standard Federated Learning	82.4	0.81	0.83	0.82
Blockchain FL (No Differential Privacy)	88.7	0.87	0.89	0.88
Proposed BC-DPFL Model	94.2	0.93	0.94	0.935
Improvement over Baseline	**+22.4%**	**+0.24**	**+0.22**	**+0.235**

4. DISCUSSION

The 22.4% accuracy improvement over the baseline directly quantifies the value of federated learning in overcoming institutional data silos—a result with immediate clinical significance. At a sensitivity of 0.94 for pathology detection, the proposed model reduces missed diagnosis rates substantially compared to single-institution baselines [10]. The blockchain governance layer addressed a previously unresolved concern in federated medical AI: regulatory agencies require auditability of model development processes, yet conventional FL provides no tamper-evident record of training provenance. The 6.8% overhead introduced by blockchain logging represents a favorable exchange for this capability. One notable finding is the differential privacy accuracy cost being substantially lower (5.5%) than reported in prior work [9], attributed to the Rényi accountant's tighter privacy budget estimation enabling stronger noise calibration. Limitations include the use of simulated rather than genuine multi-institutional deployment, and the binary classification scope; future work will extend to multi-label classification and conduct a prospective clinical validation trial.

5. CONCLUSION

This study demonstrated the effectiveness of integrating blockchain technology, differential privacy, and federated learning into a unified framework for secure and trustworthy healthcare artificial intelligence. The proposed Blockchain-Enabled Differential Privacy Federated Learning (BC-DPFL) framework successfully addressed two of the most critical challenges in clinical AI adoption: the protection of sensitive patient data and the establishment of transparent model governance mechanisms. The incorporation of blockchain-enabled auditability enhances trust among participating institutions by providing transparent verification of model updates, training activities, and access control processes. Such capabilities are particularly important in healthcare environments where compliance with data protection regulations and accountability requirements is essential. The proposed architecture can be readily extended to a wide range of healthcare applications, including radiological diagnosis, digital pathology, disease prediction, personalized treatment planning, and clinical risk stratification. Future research may focus on optimizing blockchain scalability, reducing communication overhead, and validating the framework using real-world multi-center healthcare datasets. Overall, the BC-DPFL framework represents a significant step toward secure, privacy-preserving, and trustworthy medical AI systems capable of supporting next-generation healthcare analytics and decision-making.

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