March 25, 2025

The Honorable Rebecca Bauer-Kahan
Chair, Assembly Privacy and Consumer Protection Committee
1020 N Street, Room 162
Sacramento, CA 95814

RE: AB 1018 (Bauer-Kahan) – Oppose Unless Amended

Dear Assemblymember Bauer-Kahan:

On behalf of our broad coalition representing physicians, hospitals and health systems, pharmaceutical research, health plans, and other health care stakeholders, we write to express our respectful **oppose unless amended** position on AB 1018 (Bauer-Kahan) regarding artificial intelligence (AI).

As key stakeholders in California's health care system, our organizations are concerned that this legislation, while well-intentioned, would harm patient care, exacerbate existing health disparities, and negatively impact the overall health care delivery system. We respectfully ask that this bill be amended to exempt health care data and entities governed by the California Confidentiality of Medical Information Act (CMIA) and the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The California Legislature and voters have recognized the unique nature of health information and health care entities and exempted them from the California Consumer Privacy Act of 2018 at Civil Code Section 1798.145 and 1798.146(a). The Legislature should do the same regarding AI in health care.

AI has the potential to improve nearly every aspect of healthcare, including quality, patient experience, and affordability. At the same time, the health care industry faces unique considerations when using AI. Health care leaders and policymakers must understand and balance potential benefits and risks to ensure that AI is used safely, effectively, and equitably in the health care arena.

The regulatory framework created by AB 1018 is overly broad. It captures existing AI tools and systems that have been used successfully in health care for many years. This overbreadth coupled with overly restrictive requirements would create enormous administrative complexity and burden without a corresponding benefit to patients. It would also hinder technological advancements and exacerbate existing health disparities by impacting the ability of some of our organizations to leverage AI tools to improve patient outcomes and the health of the populations they serve.

Currently we believe the bill would negatively affect health care in the five major areas listed below.

1. **Patient Care:** AI has the potential to significantly enhance patient care by providing more accurate diagnostics, predicting patient deterioration, and personalizing treatments. Over-regulating AI will result in slower deployment of these critical tools, ultimately depriving patients of timely and potentially life-saving interventions.

2. **Equity:** Overly burdensome requirements will exacerbate existing health disparities if only larger, highly resourced organizations are able to meet the requirements necessary to implement AI tools and technologies that improve patient outcomes and experience.

3. **Regulatory Overreach and Duplication**: Health care is already highly regulated. This bill would impose strict regulatory requirements on the development and implementation of AI technologies, stifling innovation and slowing the adoption of beneficial AI tools that can improve patient outcomes.

4. **Increased Costs**: The compliance costs associated with AB 1018 would be substantial. These costs would be passed on to payers and ultimately individual Californians, leading to higher health care expenses. In a state already grappling with high health care costs, it is crucial to avoid policies that would exacerbate this issue.

5. **Innovation and Competitiveness**: California is a leader in technological innovation, particularly in the health care sector. By imposing onerous regulations on AI, AB 1018 would slow innovation in the state, not only harming California's economy but also putting California's patients at risk of not being able to access the best available technologies in medicine.

Considering these concerns, the coalition believes that healthcare entities should be exempted from AB 1018. However, after recent conversations with the author's office, we remain committed to discussions to develop an approach that we believe will not negatively impact current care delivery or hinder innovation aimed at improving patient care. The organizations represented on this letter have access to nationally recognized experts in the field of AI in health care. We would be happy to coordinate opportunities for you to engage in dialogue with them and address our concerns in this bill.

For these reasons, the organizations listed below are **oppose unless amended** to this important legislation. We remain committed to collaborating with the author, legislature, and administration regarding this bill. We look forward to achieving the shared goals of improving patient outcomes, ensuring access to physicians, keeping our hospitals open, and reducing health care costs through responsible and ethical AI integration in health care.

AdvaMed
Darbi Gottlieb, Director
State Government Affairs

The American College of Obstetricians and Gynecologist (ACOG)
Ryan Spencer, Legislative Advocate

America's Physician Groups
Bill Barcelona, Executive Vice President
Government Affairs

California Association of Health Plans
Olga Shilo, Director of Legislative Affairs

California Hospital Association
Mark Farouk, Vice President
State Advocacy

California Medical Association
George Soares, Legislative Advocate

California Life Sciences
Sam Chung, Vice President
State Government Relations

California Radiological Society
Ryan Spencer, Legislative Advocate

Kaiser Permanente
Mary June (MJ) Diaz, Senior Legislative Representative

Sutter Health
Joe Gregorich, Vice President
State Government Affairs

Cc: Assemblymember Rebecca Bauer-Kahan
        Assembly Privacy and Consumer Protection Committee Members