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July 8, 2026

The Honorable Sabrina Cervantes
Chair, Senate Appropriations Committee
1021 O Street, Room 7330
Sacramento, CA 95814

RE: AB 2575 (Ortega) – Oppose

Dear Senator Cervantes:

Our broad coalition representing physicians, hospitals and health systems, health plans, life sciences, and other health care stakeholders **respectfully opposes Assembly Bill (AB) 2575 (Ortega, D-Hayward), regarding the use of artificial intelligence (AI) in health care.**

AI utilized in clinical decision support systems (CDSS) has the potential to improve nearly every aspect of health care, including quality, patient experience, and affordability. These systems are the latest in a series of innovative resources that trained and experienced health care providers use to help their patients. However, health care providers do not deploy AI or related technologies to make care decisions; AI is simply used to assist with and maximize resources for patient care, reduce clinician burnout, and expand early warning systems. Clinician accountability and expertise are preserved at every stage of clinical care, and California's invaluable health care professionals retain full oversight and responsibility.

In addition, before deployment, AI tools undergo an extensive review process that includes input from the health care workers who will use them. No AI system is activated for use by medical professionals or used in patient care without a thorough assessment and ongoing monitoring for effectiveness.

Despite these existing safeguards, the bill would impose additional requirements that would increase health care costs. And, as a large purchaser of health care services — for state employees, Medi-Cal recipients, prisoners, and others — the state of California would not be immune and would bear increased costs as health care spending continues to rise.

The disclosure requirements impose unnecessary administrative obligations that would further strain health care resources. The mandated disclosure fields presume every covered tool is a modern foundation model, forcing deployers of legacy systems to complete reporting categories that have no application to the software they actually run, generating paperwork without informational value.

The result is a disclosure regime that is administratively burdensome by design, overly broad in what it demands, and — for a substantial share of covered systems — unnecessary to achieve the transparency it is designed to provide.

The bill would deny the cost savings that AI clinical tools already deliver. Research shows that AI-enabled care coordination, predictive analytics, and CDSS are producing measurable reductions in health care costs. Disrupting or delaying these tools would not simply pause those savings; it would restore the costs those tools were eliminating, at precisely the moment providers can least afford it.

California's health care system is facing the most severe financial crisis in a generation. The One Big Beautiful Bill Act will strip billions of dollars from the state's health care funding, driving up the number of uninsured patients, increasing uncompensated care burdens on providers, and pushing safety-net providers closer to layoffs, service cutbacks, or even outright closure. AB 2575 would compound these pressures.

In addition, AB 2575 would impose new compliance and liability obligations that would consume resources safety-net providers do not have. The cost of regulatory compliance is fixed, regardless of organizational size or financial condition, meaning it falls most heavily on entities that can least afford it. The bill's liability provisions would force health care entities to make difficult decisions on whether to continue deploying this beneficial technology. Specifically, the provider would be constrained from addressing the clinician's error through peer review, discipline, or other remedial action, leaving

hospitals with no ability to address patient harm caused by a health care worker's decision to override any AI tool.

According to an economic analysis by the National Bureau of Economic Research, broader adoption of AI across the health care system could reduce total spending by 5% to 10% — translating to between \$200 billion and \$360 billion in annual savings — without reducing patients' access or the quality of care they receive. Researchers attributed these projected savings to AI's ability to help clinicians make better-informed decisions, deploy hospital resources more efficiently, and reduce the volume of tests, procedures, and unnecessary interventions.¹

A 2025 review of 92 published studies found that AI tools are delivering meaningful improvements across the health care system — not just in theory, but in real clinical settings. When doctors and radiologists use AI to help review medical scans like X-rays and MRIs, they can read results significantly faster and catch cancers that might otherwise be missed, with detection rates improving by 20%. Hospital staff who use AI spend less time on repetitive, time-intensive tasks, freeing up clinicians to focus on patients rather than paperwork and other non-clinical tasks.

Researchers found the strongest and most consistent evidence at the health system level, where AI is helping hospitals move patients through care more quickly, identify serious conditions earlier, and use limited staff and resources more efficiently. The review does caution that many of the individual findings come from single hospitals and may not apply everywhere.²

Any delay or reduction in AI tools increases administrative costs, reduces care coordination capacity, raises readmission rates, and drives up uncompensated care, all of which fall disproportionately on Medi-Cal providers and the low-income patients they serve. Disrupting the efficiency that hospitals rely on only adds costs for the health care system's most financially vulnerable providers.

AI is not an aspiration in health care. Rather, it is a reality that is currently saving lives throughout California. We have a shared obligation and commitment to ensure that these tools are developed and deployed responsibly, equitably, and transparently. **AB 2575, as drafted, would not achieve these goals.** Instead, it would bury clinicians in unworkable disclosure requirements, create perverse liability incentives, undermine patient safety systems, impair clinical quality oversight, increase cost, and ultimately reduce patient access to beneficial technology, with the greatest harm falling on the communities that can least afford it.

For these reasons, the organizations listed above oppose AB 2575.

cc: The Honorable Liz Ortega
The Honorable Members of the Senate Appropriations Committee
Agnes Lee, Principal Consultant, Senate Appropriations Committee
Joe Parra, Consultant, Senate Republican Caucus

¹ Sahni, N., Stein, G., Zemmell, R., & Cutler, D.M. (2023). "The Potential Impact of Artificial Intelligence on Healthcare Spending." *NBER Working Paper No. 30857*. National Bureau of Economic Research. Published January 2023. Also published as a chapter in *The Economics of Artificial Intelligence: Health Care Challenges* (Agrawal, Gans, Goldfarb & Tucker, eds.), National Bureau of Economic Research, 2024, pp. 49–75. <https://www.nber.org/papers/w30857>

² Gebremeskel, T.G. & Romeo, F. (2025). "Unveiling the Benefits of Artificial Intelligence in Individual, Organizational Management, and the Health/Sector System." *Health Science Reports*. Published December 27, 2025. DOI: 10.1002/hsr2.71536. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC12743724/>