



April 30, 2025

The Honorable Anna Caballero
Chair, Senate Appropriations Committee
State Capitol, Room 412
Sacramento, CA 95814

SUBJECT: SB 420 (Padilla) — Concern

Dear Senator Caballero:

When new technology is developed, hospitals work to ensure it is implemented equitably, effectively, and in a way that best supports patient care. Senate Bill (SB) 420's goal of promoting fairness and accountability in the development and use of automated decision systems (ADS) is one that hospitals share. However, as currently written, the bill would have serious unintended consequences for patient care and would drive up state costs at a time of significant budget challenges. **On behalf of more than 400 hospitals and health systems, the California Hospital Association (CHA) appreciates the opportunity to share these concerns.**

Increased State Costs

Under SB 420, state agencies would be classified as "deployers," and "high-risk" ADS would include systems that affect access to government services. As a result, all state agencies would be subject to the bill's deployer requirements, which include conducting impact assessments, issuing notices and disclosures to constituents, and developing and implementing a governance program (with limited exceptions). These obligations would be costly, time-consuming, and likely to hinder innovation and progress in improving the delivery of government services.

Overbroad Definition of "High-Risk" ADS

SB 420 defines high-risk ADS as systems used in decisions with "significant legal or similar effects," but this threshold remains vague. As written, it could unintentionally encompass a wide array of common tools used by state agencies that assist in making decisions, but do not ultimately determine outcomes. ADS that merely provide information to a human decision-maker should not be subject to the same requirements as ADS that actually make decisions.

Strict Liability for Algorithmic Discrimination

SB 420 would impose civil penalties of up to \$25,000 per violation for algorithmic discrimination, without requiring a showing of intent. Although the bill references “reasonable safeguards,” it does not provide a clear safe harbor for developers or deployers who make documented, good-faith efforts to reduce bias.

Onerous Deployer Obligations

Despite being framed as developer-focused, the bill would impose significant responsibilities on deployers, including conducting impact assessments, providing individualized notice, and allowing for human review upon request. The bill assumes that all “high-risk” ADS are the same, rather than allowing developers to tailor the impact analysis to the nature of the risk involved. The bill requires overly detailed notices to be given to constituents when ADS is used, containing information that a constituent is unlikely to benefit from or want.

SB 420 needs significant revisions to become targeted, workable, and aligned with the realities of providing clinical care. CHA is working with the author to refine the bill’s language in a way that preserves its core objectives while avoiding unintended consequences in the health care space.

For these reasons, **CHA is concerned about SB 420.**

Sincerely,



Mark Farouk
Vice President, State Advocacy

cc: The Honorable Steve Padilla
Honorable Members of the Senate Appropriations Committee
Agnes Lee, Consultant, Senate Appropriations Committee
Ted Morley, Consultant, Senate Republican Caucus