



June 6, 2024

The Honorable Mia Bonta  
Chair, Assembly Health Committee  
1020 N Street, Room 390  
Sacramento, CA 95814

**SUBJECT: SB 1120 (Becker) – SUPPORT**

Dear: Assemblymember Bonta:

Timely access is essential to the delivery of effective health care. When access to care is delayed or denied, patient outcomes are compromised, and medical conditions worsen. Care access delays result in unnecessary hospitalizations when patients are not able to receive the post-acute or community-based services they need in a timely manner. Unfortunately, timely access to necessary care is frequently hampered by the prior authorization (PA) processes established by many insurers, including an over-reliance on automated claims processing, such as the use of artificial intelligence.

**On behalf of its more than 400 hospital and health system members, the California Hospital Association (CHA) is writing to express support for Senate Bill (SB) 1120, which would require algorithms, artificial intelligence, and other software tools used for utilization management to be compliant with certain specified requirements including that they be fairly and equitably applied.**

While CHA is disappointed that the provision requiring that a licensed physician supervise the use of artificial intelligence has been removed from the current bill, we continue to support the intent of the current bill to ensure equitable application of clinical decision-making tools and that a denial, delay, or modification of health care services based on medical necessity shall be made by an appropriately qualified physician.

The stated goal of PA is to ensure that requested treatment is medically appropriate and to avoid unnecessary utilization of costly health care services. The use of established guidance or artificial intelligence models informed by prior experience may help streamline and provide support for the decision-making and care planning process. However, these tools do not have the ability to recognize and accommodate an individual patient's unique circumstances, such as medical history, functional limitations, clinical treatment needs, or goals of care. To be effective, individual clinical care decisions must be made with consideration of all these factors and will require oversight.

For example, when considering a decision to approve or terminate coverage for post-acute rehabilitation in a skilled nursing facility, artificial intelligence can be used to assist insurers in predicting a potential length of stay, but that prediction alone should not be used as the basis to terminate post-acute care

services. A decision to terminate or continue care must be based on an assessment of the individual's current condition and needs, and it must be confirmed by an appropriately qualified physician.

CHA supports policy changes and payment reform that will improve care delivery systems while ensuring beneficiary access to medically necessary post-acute care. In that context, we view the use of prior authorization and artificial intelligence as valuable tools that can support — but not replace — care planning overseen by an appropriately qualified clinician.

For these reasons, CHA requests your “AYE” vote on SB 1120.

Sincerely,



Meghan Loper,  
Consulting Lobbyist, California Hospital Association

cc:

The Honorable Josh Becker  
The Honorable Members of the Assembly Health Committee  
Kristene Mapile, Consultant Assembly Health Committee  
Justin Boman, Consultant, Assembly Republican Caucus