



August 7, 2025

The Honorable Dr. Akilah Weber Pierson
Senator, California District 39
1021 O St.
Suite #7310
Sacramento, CA 95814

RE: ATA ACTION CONCERNS REGARDING SB 503

Dear Senator Weber Pierson,

On behalf of ATA Action, I am writing to comment on Senate Bill 503 and express concerns with the recent amendments to the legislation regarding audit requirements for artificial intelligence (AI) systems used in healthcare settings.

ATA Action, the American Telemedicine Association's affiliated trade association focused on advocacy, advances policy to ensure all individuals have permanent access to telehealth services across the care continuum. ATA Action supports the enactment of state and federal telehealth policies to secure telehealth access for all Americans, including those in rural and underserved communities. ATA Action recognizes that telehealth and virtual care have the potential to truly transform the health care delivery system – by improving patient outcomes, enhancing safety and effectiveness of care, addressing health disparities, and reducing costs – if only allowed to flourish.

As artificial intelligence (AI) has continued to become more refined, healthcare entities have begun to utilize this technology in many aspects of care delivery due to its potential to improve quality and service capacity at every state of the care journey. AI-powered technologies are being deployed to analyze data quickly and accurately to assist providers in making better informed decisions and identifying diseases earlier. AI is also helping healthcare entities streamline administrative tasks-- such as improving patient scheduling or medication refill requests--which frees up more time for patient care. Accordingly, legislators and regulators have begun to consider the proper guardrails for the use of AI in healthcare, allowing for increased innovation and efficiency while ensuring patient care is not compromised.

Our organization has been tracking SB 503 since it was first introduced and, while we never registered a position, we did not have concerns with this legislation until the most recent round of amendments added the annual audit requirements for developers and deployers of AI systems used to support clinical decision-making and health care resource allocation. To be clear, our organization is supportive of safeguards to mitigate against bias in the use of AI in healthcare, as enumerated in the [ATA's Artificial Intelligence Principles](#), and thus is supportive of the intent of this legislation. However, we believe that this legislation should not move forward in its current form due to the significant lack of clarity surrounding the newly inserted audit requirement, which will create confusion, lead to significant added costs, and potentially stifle innovation and investment in this growing field.

First, the current drafting of the legislation makes it unclear what the annual audit actually seeks to audit: that developers and deployers are monitoring and making reasonable efforts to mitigate the risk for biased impacts or the AI systems themselves. Section 1339.76. (a) (1) states that the audit should assess compliance with subdivision (a), which lays out the duty to mitigate bias. Our organization is confused as to why this requisite audit to assess a developer's processes to identify and mitigate bias in their AI system would require the submission of the AI system to a third-party auditor. The bill's language around the submission of the AI system suggests that the third-party auditor would be undertaking *an audit of the system itself*, which is

ATA ACTION

601 13th St NW, 12th Floor Washington, DC 20005
Info@ataaction.org



troubling given the lack of any framework or standards for such audit to occur. The legislation is also unclear on when these audits should begin. When a developer begins work on an AI system that will be used in health care? Before the AI system begins to be deployed? Why does a developer need to expound significant expenses and resources on an annual basis *after* the AI system has been audited once and put into market? Further clarity on these questions is essential should an audit requirement be implemented.

These concerns are compounded given the absence of any details around the identity of these “independent third-party auditors.” The legislation currently provides no definitions, requirements or other clarity on what would qualify an individual or entity as capable of conducting an independent third-party audit. Our organization is also concerned about the availability of a workforce ready and capable of conducting these audits. We understand that certain stakeholders believe these critical outstanding issues will be clarified prior to the January 1, 2030, implementation date as the market develops. Yet, healthcare innovators and investors are looking to develop and deploy these systems *now*, so the substantial lack of clarity on this oversight framework should be addressed prior to this legislation moving forward and this confusion must be addressed with additional details prior to bill passage.

Finally, the requirement to submit the AI system raises serious concerns over data privacy and the protection of intellectual property, especially given the lack of clarity on when the audit would be required or what it entails. For example, if a developer is in the early pre-deployment stages of creating a new AI system, they may be hesitant to turn over their new system to an undefined third-party auditor, especially when the results of this audit must be published publicly. While, as previously stated, efforts to mitigate basis are essential the requirement to submit the system itself, as opposed to the basis mitigation processes, could keep potential developers out of the market entirely, to the detriment of California patients. Additionally, as you and your office consider further changes to this legislation, we encourage you to take existing authorities and safeguards into account such as those enumerated by the [California Attorney General’s Legal Advisory on the Application of Existing California Law to Artificial Intelligence in Healthcare](#) to ensure that onerous and duplicative requirements are not implemented.

In conclusion, our organization stands firmly in support of the intent of this legislation, to ensure that AI developers and deployers have processes in place to mitigate and monitor basis in their systems being used in healthcare settings. However, the audit requirements in this legislation present far too much uncertainty for developers and could significantly limit the development of innovative AI systems in the healthcare setting. **Until this uncertainty is addressed, we encourage you to remove the unclear audit requirements in Section 1339.76. (c) and instead, encourage a robust stakeholder process on this oversight mechanism before advancing this legislation.**

Thank you for the opportunity to comment and for your consideration of these important issues. As your office considers the next steps for SB 503, and the regulation of AI in healthcare generally, we are happy to serve as a resource. If you have any questions or would like to further discuss ATA Action’s perspective on this critical issue, please contact me at kzebley@ataaction.org.

Kind regards,

Kyle Zebley
Executive Director
ATA Action

ATA ACTION

601 13th St NW, 12th Floor Washington, DC 20005
Info@ataaction.org

