



May 26, 2026

The Honorable Ann M. Williams
Chairperson, House Executive Committee
Illinois General Assembly
263-S Stratton Office Building
Springfield, IL 62706

RE: ATA ACTION CONCERNS REGARDING SB 340

Dear Chairperson Williams and Members of the House Executive Committee,

On behalf of ATA Action, I am writing to share our concerns regarding SB 340. We are concerned that this legislation, as currently drafted, would impose sweeping obligations on telehealth providers and other health-adjacent entities that go well beyond any comparable consumer health data framework enacted in other states. We urge significant amendments to be made before this legislation is advanced to align with other state frameworks and HIPAA.

ATA Action is the affiliated policy and legislative advocacy arm of the American Telemedicine Association. ATA Action is the leading advocacy organization dedicated to advancing policy and accelerating the adoption of technology-enabled healthcare. Working collaboratively with federal and state legislators and policymakers, our organization drives industry momentum by influencing legislative and regulatory developments in telehealth, virtual care, remote patient monitoring, artificial intelligence in health, health data privacy, private sector healthcare investment, and more. We represent a diverse membership – including hospital systems, technology companies, professional associations, direct-to-consumer digital health providers, payers, pharmaceutical manufacturers, digital therapeutics developers, and remote monitoring organizations.

The Act Requires Onerous Authorization for Beneficial Uses That Are Permitted Under HIPAA

Under Section 116(b)(1)(B) of the proposed legislation, a controller would be prohibited from collecting, processing, or sharing sensitive data concerning a consumer except when these activities are “strictly necessary” to provide the product or service that the consumer requested or one of the other limited exceptions. This could prohibit controllers from undertaking a number of beneficial uses currently allowed under HIPAA such as directly sending a customer a coupon for future health products, informing their patients of new clinical services they might be offering and prohibit a regulated entity from sending communications about its additional products or services to the consumer. However, a HIPAA-covered entity – and in some situations their contracted business associates – could engage in these same activities with the consumer’s HIPAA protected health information without any need for specific authorization from the consumer under the HIPAA Privacy Rule.¹ This inconsistency not only undermines the stated intent of the Act, it would afford differing rights to Illinois consumers and unequal burdens on entities based solely on being subject to HIPAA.

¹ *Marketing*, U.S. Dept. of Health and Human Servs. (July 26, 2013), <https://www.hhs.gov/hipaa/for-professionals/privacy/guidance/marketing/index.html>.

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For telehealth providers, this standard creates particular problems. Quality assurance review, care coordination tools and patient outreach programs are all standard components of telehealth delivery that may not qualify as “strictly necessary” under a narrow reading of the bill’s permissible purposes. Requiring patient-by-patient authorization for these baseline operational uses would create significant friction in care delivery and, paradoxically, could reduce the quality and continuity of care for the patients the bill aims to protect. We recommend replacing the “strictly necessary” standard with a proportionality or reasonable necessity standard consistent with peer state frameworks.

Provisions on the Sale of Data Should be Revised to be Consistent with HIPAA

Section 116(b)(1)(C) of the Act states that a controller may not sell sensitive data, irrespective of consumer consent. Under the HIPAA Privacy Rule, however, individuals currently can—and do—authorize entities to disclose their protected health information (“PHI”) for marketing and many other uses.² For example, an individual may authorize their provider to disclose their PHI to a pharmaceutical firm so that the individual receives discounts on medications, even where the individual provider receives remuneration from the pharmaceutical firm.

ATA Action believes the current HIPAA rules provide detailed and appropriate protections for the confidentiality of protected health information, as these rules have been a fixture in our healthcare system for more than two decades. We are concerned that the strict mandate against the sale of data contemplated in this Act—a provision we are unaware of in any state law—would create inconsistent and conflicting obligations on HIPAA entities when the “sensitive data” at issue would not constitute PHI that is exempt from the Act. Furthermore, to the extent HIPAA entities are exempt from the sale prohibition, this Act would then afford differing rights to Illinois consumers as to the sale of their data and unequal burdens on entities based solely on being subject to HIPAA.

To be certain, ATA Action shares the sponsors’ intent to protect sensitive data and our [Data Privacy Principles](#) emphasize that sensitive data should always require explicit disclosure to, and consent from, the consumer. We respectfully request that the provision regarding the sale of sensitive data align with HIPAA and other states, such that “a controller shall not... sell sensitive data without the consent from the consumer.”

ATA Action shares the General Assembly’s commitment to protecting Illinoisians’ health information. However, the core structural issues described above would impose obligations on telehealth providers and the broader health technology ecosystem that goes beyond what any other state has required and that cannot be implemented without seriously disrupting access to care for Illinois patients.

We welcome the opportunity to work with the sponsor and the General Assembly to address these concerns through targeted amendments and to craft a framework that provides durable, meaningful protections without the operational consequences described above. If you have any questions or

² Summary of HIPAA Privacy Rule, <https://www.hhs.gov/hipaa/for-professionals/privacy/laws-regulations/index.html>.



Telehealth Policy to Transform Healthcare

would like to discuss further the telehealth industry's perspective, please contact me at hyoung@ataaction.org.

Kind regards,

Hunter Young

Hunter Young
Head of State Government Relations
ATA Action