



September 4, 2026

The Honorable Gavin Newsom  
Governor, State of California  
1021 O Street, Suite 9000  
Sacramento, CA 95814

**RE: ATA ACTION REQUEST FOR VETO REGARDING SB 503**

Dear Governor Newsom,

On behalf of ATA Action, I am writing to express our concerns regarding Senate Bill 503 related to requirements for artificial intelligence (AI) systems used in healthcare settings and respectfully request that you veto this legislation.

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. 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.

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 have worked with the sponsor's office seeking to see our concerns addressed. We are grateful to Senator Weber Pierson and her staff for the improvements made to SB 503 throughout the process and for their consideration of our concerns. While the legislation has improved with recent amendments, we believe that key issues remain that necessitate a veto on this legislation so that further work can be done in a future session to ensure that California gets this policy right. 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.

First, the legislation lacks measures that would protect from forced disclosure of proprietary information and trade secrets. SB 503 requires developers to produce documentation describing how their AI systems were built, tested, and validated, and to hand that documentation to deployers. Nothing in the bill protects that documentation from disclosure of trade secrets, security-sensitive system details or other proprietary information. A California-only disclosure mandate with no confidentiality backstop creates a direct path for competitors, litigants or the public to obtain proprietary methods that took years and significant investment to develop - undermining the incentive to build these tools in California in the first place, and running counter to the state's own trade secret law, which recognizes that this kind of technical information deserves protection.

**ATA ACTION**

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Second, the definition of “biased impact,” a central term, is vague and potentially unenforceable. The bill orders developers and deployers to prevent “biased impact,” but defines that term as an “adverse impact ... on an individual,” including “diminished ... quality of care, or outcomes.” This is different from how discrimination is measured or defined elsewhere in California statute. Existing standards test for disparate treatment or disparate impact across groups, using a comparison that can be measured. SB 503 instead asks whether a single patient’s outcome was worse, which cannot be assessed fairly, because patient outcomes vary for countless clinical reasons that do not have to do with bias.

Finally, the bill fails to adequately consider FDA-cleared technologies. FDA-regulated digital therapeutics and AI tools are held to rigorous standards, including quality management systems, cybersecurity requirements, and mandatory adverse event reporting, ensuring both safety and efficacy. For example, our organization represents Digital Therapeutics – clinically validated, FDA-regulated Software as a Medical Device products that incorporate artificial intelligence and other technologies into treatments delivered to patients through phones, tablets, computers, and VR headsets. The FDA cleared its first prescription digital therapeutic in 2017 and has since approved more than 20 through this rigorous review process under both the Biden and Trump administrations. These products undergo clinical validation, are subject to pre- and post-market oversight, and involve regulated healthcare practitioners as gatekeepers, protecting patients throughout the care process. We believe that any developer documentation prepared to meet applicable federal requirements should be recognized as satisfying state-level transparency and bias risk obligations under this legislation. Otherwise, entities who develop FDA-cleared products could be disincentivized from offering these products in California due to duplicative requirements, to the detriment of California patients.

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 bias in their systems being used in healthcare settings. However, remaining issues in the bill necessitate further work before this legislation is ready to become law.

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 [hyoung@ataaction.org](mailto:hyoung@ataaction.org).

Kind regards,

Hunter Young  
Head of State Government Relations  
ATA Action