

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1979 (Bonta) – As Amended April 23, 2026

Policy Committee:	Health	Vote:	12 - 3
	Privacy and Consumer Protection		11 - 4

Urgency: No                      State Mandated Local Program: Yes                      Reimbursable: No

**SUMMARY:**

This bill requires a health facility, clinic, physician’s office, or office of a group practice to ensure that no clinical decision is based solely on the output of a clinical decision support system (CDSS). The bill also subjects a business that offers a healthcare chatbot, as defined, to a consumer for the purpose of allowing the consumer to manage their information, or for the diagnosis, treatment, or management of a medical condition, to the requirements of the Confidentiality of Medical Information Act (CMIA).

**FISCAL EFFECT:**

- 1) Costs of an unknown amount to the California Department of Public Health (CDPH) to ensure health facilities, clinics, and physician offices comply with the provisions of this bill. If CDPH adopts regulations, one-time costs could be in the hundreds of thousands of dollars (Licensing and Certification Fund).
- 2) The Department of Consumer Affairs reports most healing arts boards anticipate an increase in workload due to a higher volume of complaints resulting from this bill. However, the boards are unable to estimate the increase in complaint volume or related enforcement costs due to the lack of data on how frequently artificial intelligence (AI) violations occur (various special funds).
- 3) Costs of an unknown but potentially significant amount to the Department of Justice (DOJ) to bring enforcement actions as authorized by this bill. Actual costs will depend on the number of enforcement actions pursued by DOJ and the amount of additional work created by each action, but costs may be in the hundreds of thousands of dollars annually. (Unfair Competition Law Fund).
- 4) Cost pressures of an unknown but potentially significant amount to the courts to adjudicate any additional filings (Trial Court Trust Fund, General Fund). Actual costs will depend on the number of cases filed and the amount of court time needed to resolve each case. It generally costs approximately \$1,000 to operate a courtroom for one hour. Although courts are not funded based on workload, increased pressure on the Trial Court Trust Fund may create a demand for increased funding for courts from the General Fund. The state budget provides annual General Fund backfills to the Trial Court Trust Fund to offset revenue reductions, totaling approximately \$117.3 million in 2025-26.

The Legislative Analyst's Office recently warned of General Fund structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

#### COMMENTS:

- 1) **Purpose.** This bill is sponsored by the California Nurses Association. According to the author:

AI is rapidly integrating into our health care system and reshaping our own personal experience with health care. While this technology can hold a lot of promise, there is no question that without careful consideration of the potential perpetuation of biases, risks to patient safety, and challenges of clinical workers knowing what to question and what to trust, the deployment of AI in health care can do more harm than good. A 2023 study found that, while carefully crafted AI could slightly improve diagnostic accuracy for certain disorders, in cases where clinicians were provided AI support using a systematically biased model, diagnostic accuracy dropped substantially to 62% (from 73%). This also demonstrates that having a human-in-the-loop is not a panacea for all the challenges that AI can present. Providing health care requires compassion, empathy, and real-world judgment that cannot be captured in patterns and algorithms. Technology should assist human clinicians, not replace them. As AI deploys into health care settings it is also reaching consumers directly through applications like Copilot and ChatGPT offering to connect directly to personal medical records. Voluntary commitments to protect this sensitive information are not enough, we must ensure any entity accessing medical records for managing health is abiding by the law.

- 2) **Background.** Hospitals, clinics, physician groups, and health plans are leveraging generative AI (GenAI) to automate a wide range of routine tasks. For instance, electronic health record (EHR) systems are being equipped with GenAI functionality that allows health care providers to automatically generate billing codes, improving accuracy and completeness by checking for errors, omissions, and compliance with current requirements. Health plans and insurers are using AI to automate and streamline multiple functions, including processing claims and evaluating prior authorization requests. According to the Wall Street Journal, UnitedHealth Group said it now has a thousand AI applications in production, even as a class action lawsuit is advancing through the courts accusing the insurer of using AI algorithms instead of medical professionals to illegally deny Medicare Advantage claims. Other types of administrative tasks, such as appointment scheduling and other routine, non-clinical communication have significant potential to be automated.

Clinical applications of GenAI technology are advancing rapidly and substantially. For example, Google's MedPaLM-2 LLM achieved expert-level scores on the United States Medical Licensing Examination, with physicians preferring AI answers to those from other physicians on eight of nine clinical axes. GenAI can now synthesize, augment, and interpret complex images across various modalities, such as X-rays, MRI, and CT scans. AI algorithms can also assist in diagnosing dental health conditions through image analysis and

data interpretation. In mental health, AI tools provide mental health support using cognitive behavioral therapy and other evidence-based strategies. In March 2025, researchers published the first clinical trial of Therabot, a GenAI-powered therapy chatbot. They report finding that people diagnosed with depression who used the bot experienced a 51% average reduction in symptoms, leading to clinically significant improvements in mood and overall well-being.

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