SENATE THIRD READING
SB 903 (Padilla)
As Amended August 21, 2026
Majority vote

SUMMARY

Prohibits the use of companion chatbots in the provision of psychotherapy services and restricts the use of artificial intelligence (AI) by licensed professionals who provide psychotherapy services.

Major Provisions

1) Defines "psychotherapeutic communication" as any verbal, nonverbal, or written interaction in a clinical or professional setting that is conducted for the purpose of diagnosing or treating a mental health or substance use disorder or concern.

2) Exempts from the definition of "psychotherapeutic communication" general wellness education, instruction, or guidance that is intended to promote overall health and well-being rather than to diagnose or treat a specific mental, emotional, or behavioral health disorder or concern.

3) Defines "psychotherapy services" as services provided to diagnose, or treat an individual's mental health or substance use disorder.

4) Exempts from the definition of "psychotherapy services" religious counseling or peer support, as defined.

5) Defines "triage or screening" as the assessment of an individual's health concerns and symptoms for the purpose of determining the urgency, clinical nature, or appropriate level of the individual's need for psychotherapy services.

6) Prohibits an individual, corporation, or entity from using AI to record or transcribe psychotherapeutic communications, psychotherapy sessions, or triage or screening unless both of the following conditions are satisfied:

    a) The patient or client, or the patient's or client's legally authorized representative, is informed verbally or in writing that AI will be used and the specific purpose of the AI tool or system that will be used.

    b) The patient or client, or the patient's or client's legally authorized representative, provides consent to the use of AI.

7) Prohibits an individual, corporation, or entity from advertising or otherwise purporting to offer psychotherapy services when the services are provided through the use of companion chatbots, including by claiming the companion chatbot is a therapist or provides therapy.

8) Prohibits an individual, corporation, or entity from allowing AI to do any of the following without review and approval by a licensed professional in connection with the provision of psychotherapy services or conducting triage or screening:

a) Make therapeutic decisions.

b) Directly interact with patients or clients in any form of psychotherapeutic communication, unless the tool or system is approved or cleared by the federal Food and Drug Administration (FDA) for that use and is compliant with the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA).

c) Generate therapeutic recommendations, assessment results, diagnoses, or treatment plans.

d) Detect emotions or mental states.

e) Perform triage or screening.

9) Provides that a licensed professional who uses AI in connection with psychotherapy services or triage or screening is responsible for ensuring the licensed professional and anyone under their supervision uses the artificial intelligence in a manner that is clinically appropriate and compliant with the bill.

10) Provides that a licensed professional shall not be subject to discipline or any other enforcement action for a violation that results solely from any feature, configuration, function, or other element of an artificial intelligence tool or system that is not within the control of the licensed professional if use of the tool or system was expressly or effectively required by the licensed professional's employer or contracting entity, including a violation that results solely from a function or element that prevents the licensed professional from using the tool or system in compliance with this chapter.

11) Provides that an employer or contracting entity that requires or authorizes the use of AI by a licensed professional is responsible for ensuring the AI is deployed in compliance with the law and directing the licensed professional to use the AI in compliance with the law.

12) Clarifies that the prohibitions in the bill do not prohibit the use of AI to recommend that an individual who has expressed serious mental health concerns discuss their need for psychotherapy services with a licensed professional; administer a standardized screening questionnaire; or schedule, confirm, cancel, or send reminders regarding appointments.

13) Requires the use of AI in patient or client records for psychotherapy services to comply with the Confidentiality of Medical Information Act (CMIA).

14) Provides that a violation of the bill's requirements and prohibitions is subject to the jurisdiction of the appropriate health care professional licensing board or enforcement agency.

15) Authorizes the director of the Department of Consumer Affairs to determine the appropriate health care professional licensing board or enforcement agency if jurisdiction is unclear.

16) Expressly exempts the following from the bill's requirements and prohibitions:

a) Religious counseling.

b) Peer support.

c) Self-help materials and educational resources that are available to the public and do not purport to offer psychotherapy services.

d) AI used solely for training or simulation purposes.

e) Research conducted by an academic or nonprofit research institution that is conducted in accordance with applicable ethics, confidentiality, privacy, and security rules.

17) Declares that the purpose of the bill is to safeguard individuals seeking psychotherapy services by ensuring these services are delivered by licensed professionals and to protect consumers from unlicensed or unqualified providers, including unregulated AI systems, while respecting individual choice and access to community-based and faith-based mental health support and recognizing that AI technology has the potential to expand clinical capacity if used in a safe, ethical, and legal manner.

COMMENTS

Artificial Intelligence. The recent acceleration in the evolution of AI and GenAI technologies has elicited a significant amount of attention from state and federal policymakers, and this has been especially true when the technology is deployed in a health care setting. The integration of AI into health care practice raises both legal and ethical concerns, particularly when AI is used to supplant or influentially augment clinical judgment by practitioners. Additionally, concerns have been voiced that AI technologies have the potential to displace human medical professionals in the future, which could have detrimental effects on both the health care workforce and for patients.

A significant component of these concerns relates to the potential for AI systems to imitate licensed health care providers. AI-powered diagnostic tools, chatbots, and virtual assistants are increasingly capable of providing what resembles medical advice, which can blur the lines between machine-generated guidance and professional medical consultation from a trained human professional. Meanwhile, there is uncertainty as to whether existing laws that restrict the use of professional titles to licensed individuals are enforceable against non-human AI programs or those who develop or deploy them. This has led to challenges in ensuring that AI systems do not mislead patients by presenting communications as coming from qualified professionals, especially since those communications are not subject to oversight by a licensing board.

In January 2025, California Attorney General Rob Bonta issued a "legal advisory on the application of existing California law to artificial intelligence in healthcare." The advisory noted that "California's professional licensing laws provide additional standards to which licensed medical professionals must adhere" and that "only human physicians (and other medical professionals) are licensed to practice medicine in California; California law does not allow delegation of the practice of medicine to AI." The Attorney General's advisory further opined that "using AI or other automated decision tools to make decisions about patients' medical treatment, or to override licensed care providers' determinations about what a patient's medical needs are, may violate California's ban on the practice of medicine by corporations and other 'artificial legal entities' … in addition to constituting an 'unlawful' or 'unfair' business practice under the Unfair Competition Law."

AI Psychotherapy. Psychotherapy and similar mental health services are within the scope of practice of several licensed health care professions, including psychologists licensed by the

Board of Psychology (BOP), counselors and therapists licensed by the Board of Behavioral Sciences (BBS), and psychiatrists licensed as physicians and surgeons by the MBC or OMBC. In the background paper for the BOP's most recent sunset review oversight hearing, Issue #13 discussed how AI is specifically changing the field of psychology. The sunset background paper questioned what regulatory changes may be necessary to protect consumers and ensure the ethical use of AI-driven tools in psychotherapy practice.

As discussed in the sunset review background paper, AI has the potential to transform the field of psychology, from the provision of psychotherapy to research. While AI innovations, such as chatbots (e.g., Wysa and Woebot) and tools that automate notetaking (e.g., Mental Note AI and TherapyFuel), can improve consumer access and affordability and lessen the administrative burden on psychologists, there are numerous questions outstanding about safety, privacy, reliability, and equity. The dangers of AI-generative chatbots have been the subject of increased scrutiny and are at the center of two lawsuits.

In a letter to the Federal Trade Commission (FTC), the American Psychological Association (APA) expressed its "grave concerns about 'entertainment' chatbots that purport to serve as companions or therapists." The letter highlighted concerns that some technologies available to the public lack appropriate safeguards, adequate transparency, or the warning and reporting mechanisms necessary to ensure appropriate use and access by appropriate users. The APA urged the FTC to investigate "the prevalence and impacts of deceptive practices employed by AI-generative chatbots and other AI-related technologies like Character.ai, Replika, and other companies for developing and perpetuating AI-generated characters that engage in misrepresentations and for engaging in deceptive trade practices, passing themselves off as trained mental health providers, and potentially causing harm to the public."

As reported by the *New York Times*, a lawsuit against Character.ai has been filed by the mother of a Florida teen who died by suicide after interacting with a chatbot claiming to be a licensed psychologist. A second lawsuit was initiated by the parents of a Texas teen with autism grew hostile and violent towards them during a period of time when he was interacting with a chatbot claiming to be a psychologist. According to *The Washington Post*, he had also begun harming himself and lost 20 pounds.

Although the dangers of these chatbots are well documented, they are popular. Some of Character.ai's chatbots have had more than one million conversations with users. In its letter to the FTC, the APA argues that:

> Given that the fundamental purpose of professional licensing is consumer protection, there is a compelling legal argument that the same prohibitions contained in professional licensing laws restricting unqualified individuals from referring to themselves as a "psychologist" or "physician" or other licensed professional and attempting to conduct themselves in that way ought to apply these non-human chatbots as well.

In 2025, the Legislature enacted AB 489 (Bonta) Chapter 615, Statutes of 2025, which was intended to address general concerns about the integration of AI technologies in health care practice settings, as well as specific concerns about the growing popularity of individuals using AI chatbots for psychotherapy. AB 489 expressly applied existing title protections for health care professionals to the advertising or functionality of an AI system, program, device, or similar technology. The bill additionally prohibited the use of any term, letter, or phrase in the

advertising or functionality of an AI system, program, device, or similar technology that indicates or implies that the care or advice being offered through the AI technology is being provided by a natural person in possession of the appropriate license or certificate to practice as a health care professional.

Another bill enacted in 2025, SB 243 (Padilla) Chapter 677, Statutes of 2025, placed new requirements and restrictions on companion chatbots, as defined, by requiring companion chatbot operators to disclose that the chatbot is artificial if a reasonable person interacting would be misled to believe that they were interacting with a human. The bill further required operators to take certain actions with respect to a user the operator knows is a minor, including disclosing to the user that the user is interacting with AI. Additionally, the bill mandated that companion chatbot operators implement protocols to respond when a user expresses suicidal ideation or self-harm, including providing contact information for crisis or suicide hotlines.

This bill would seek to limit the use of companion chatbots in the context of psychotherapy services and psychotherapeutic communication. The bill would prohibit companion chatbots from being used to provide psychotherapy, or as being advertised for that purpose. Additionally, the bill would restrict the use of AI by psychotherapists in their services and communications with patients. The author believes these additional guardrails will further protect patients.

According to the Author
"As we face a shortage of mental health treatment resources, some companies are marketing algorithm-driven products as "therapy" to help those in need; but AI algorithms are not fit to take over the jobs of human therapists. Therapy is effective because of uniquely human qualities that AI systems are incapable of replicating such as empathy, lived experience, ethical judgment, and trust. SB 903 addresses this growing concern by prohibiting companies from advertising or providing "therapy" when services are not delivered by a licensed professional, and by ensuring that clinicians use AI only in ways that promote safe, informed, and person-centered care."

Arguments in Support
The *California Psychological Association* and the *California Association of Marriage and Family Therapists* write jointly as co-sponsors of this bill: "Mental health care involves deep, nuanced understanding of human thought, emotion, history, social context, culture, and risk. AI tools, by their design, rely on patterns in data and statistical associations. They cannot reliably identify or respond to crises or subtle cues that experienced clinicians are trained to detect. These limitations pose concerns for patient safety when the tools are presented or used in ways that mimic therapeutic relationships. SB 903 protects individuals seeking care by tying the delivery of psychotherapy to professionals who hold a license and are subject to regulation and enforcement by state licensing boards."

Arguments in Opposition
TechNet and the *California Chamber of Commerce* oppose this bill, writing jointly: "SB 903 continues to constrain how licensed professionals can use AI tools in the context of ongoing patient relationships, even where the clinician retains full responsibility for care. While the bill appropriately permits certain administrative and supplementary functions, it prohibits or severely limits many widely accepted and beneficial uses of AI in clinical practice."

FISCAL COMMENTS

According to the Assembly Committee on Appropriations, costs of an unknown amount to the Board of Behavioral Sciences, which anticipates an increase in complaint volume and related enforcement costs but is unable to estimate the fiscal effect; the Board of Psychology and the Medical Board of California (MBC) also anticipate increased complaints, but expect the costs to be minor and absorbable, with the MBC noting that if it is required to pursue an injunction as a result of this bill, the costs might not be absorbable.

VOTES

SENATE FLOOR: 39-0-1
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Niello

ASM BUSINESS AND PROFESSIONS: 17-0-2
YES: Berman, Addis, Ahrens, Alanis, Bauer-Kahan, Caloza, Elhawary, Ellis, Haney, Hart, Irwin, Jackson, Dixon, Lowenthal, Macedo, Nguyen, Pellerin
ABS, ABST OR NV: Bains, Chen

ASM PRIVACY AND CONSUMER PROTECTION: 14-1-0
YES: Bauer-Kahan, Macedo, Bryan, Hoover, Irwin, Lowenthal, McKinnor, Ortega, Patterson, Pellerin, Petrie-Norris, Ward, Bennett, Wilson
NO: DeMaio

ASM APPROPRIATIONS: 13-0-2
YES: Wicks, Hoover, Arambula, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache
ABS, ABST OR NV: Ta, Tangipa

UPDATED

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