



February 6, 2026

Welcome to America's Physician Groups' *California Update*. Each week APG reports the latest on health care happenings in the Golden State.

Here's what you'll find in this week's edition:

- [SB 903: AI Guardrails, Clinical Authority, And The Next Front In Provider Labor Relations](#)
- [APG California Policy & Advocacy 2026 Meeting Dates](#)
- [APG California Advocacy Member Resources](#)



SB 903: AI Guardrails, Clinical Authority, And The Next Front In Provider Labor Relations

As artificial intelligence becomes embedded in clinical workflows, California lawmakers are beginning to draw explicit boundaries around how—and by whom—AI may be used in patient care. [SB 903 \(Padilla\)](#), while formally focused on mental health services, should be read more broadly by physician organizations, MSOs, and health systems as an early legislative signal about **AI governance in unionized and highly regulated care environments**.

For organizations managing both advanced clinical technology and organized provider labor, SB 903 highlights a growing convergence between **AI policy, professional licensure, and workforce relations**.

A Regulatory Response to Workforce Pressure

SB 903 emerges amid escalating labor tensions over AI deployment in health care. Organized clinicians—particularly in behavioral health—have raised concerns that AI tools introduced as “documentation support” or “efficiency enhancements” could, over time, alter clinical roles, reduce staffing needs, or shift decision-making authority away from licensed professionals.

Recent labor actions in California underscore these anxieties. Providers have argued that AI tools, if insufficiently governed, risk undermining

clinical judgment, patient trust, and professional accountability. Legislators appear to be responding by translating those concerns into statutory guardrails that **preserve the primacy of licensed clinicians over automated systems.**

What SB 903 Requires—and Why It Matters Operationally

SB 903 permits AI use in therapy or psychotherapy only for clearly defined *administrative or supplementary* support functions. When AI is used in connection with recorded or transcribed patient encounters, the bill requires:

- **Advance written disclosure** that AI will be used
- **A specific explanation of the AI tool’s purpose**
- **Explicit, revocable patient consent**

Crucially for health care provider organizations, SB 903 prohibits AI from:

- Making independent therapeutic decisions
- Generating treatment recommendations without clinician review
- Detecting emotions or mental states
- Directly interacting with patients in therapeutic communication (absent FDA approval and HIPAA compliance)

The bill also bars entities from offering therapy or psychotherapy—*including through internet-based AI*—unless delivered by a licensed professional, reinforcing that AI cannot serve as a substitute workforce.

Implications for Physician Organizations and MSOs

For organizations that employ or contract with licensed clinicians, SB 903 has several important implications:

AI governance becomes a labor issue

AI deployment decisions—particularly those affecting documentation, clinical support, or patient interaction—may increasingly be viewed by organized providers as changes in working conditions, triggering bargaining obligations or labor disputes.

Transparency expectations are rising

SB 903’s detailed consent and disclosure standards reflect a broader expectation that AI use in care delivery will not be invisible to either patients or clinicians. Health systems relying on “ambient” or background AI tools should anticipate scrutiny from both regulators and labor representatives.

Clinical authority must remain explicit

The bill repeatedly emphasizes that licensed professionals retain full responsibility for all outputs associated with AI use. From a risk and compliance perspective, this reinforces that AI tools should be framed

contractually, operationally, and culturally as *assistive*, not decision-making systems.

Mental health today, broader care tomorrow

Although SB 903 is limited to therapy and psychotherapy, its structure mirrors concerns already being raised in other clinical domains—such as primary care, utilization management, and remote patient monitoring. Organizations should view SB 903 as a potential template for future legislation affecting broader medical practice.

Strategic Takeaways for Health Systems

For physician organizations, MSOs, and integrated delivery systems—particularly those with unionized clinicians—SB 903 underscores the importance of aligning **AI strategy with workforce strategy**. This includes:

- Engaging clinicians early in AI adoption decisions
- Clearly defining AI's role relative to licensed judgment
- Ensuring compliance, consent, and transparency frameworks are in place
- Anticipating that AI use may become a formal subject of labor negotiations

SB 903 does not reject AI in health care. Instead, it reflects a legislative effort to ensure that technological innovation does not outpace professional oversight or destabilize clinical labor structures. For organizations operating at the intersection of care delivery, technology, and labor relations, the bill is best understood as an early warning—and an opportunity to proactively shape responsible AI integration. At the same time, mounting pressure from agencies such as the Office of Health Care Affordability requires these kinds of organizations to embrace technological solutions that allow them to “do more with less” in order to bend the trend on cost escalation. **APG is evaluating this legislation and has not yet taken a position. We are very interested in our members' thoughts and input.**



2026 APG California Policy & Advocacy Meeting Dates

Members, please mark your calendars for APG's California Policy Forum and California Medi-Cal Forum meetings. You can download APG's 2026 events calendar [here](#).

California Policy Forum

2:00 - 3:00 pm

- April 9

- June 3
- December 3

California Medi- Cal Forum

4:00 - 5:00 pm

- February 10 - Register [here](#)
- March 10
- April 14
- May 12
- June 9
- August 11
- October 13
- November 10
- December 8



APG California Advocacy Member Resources

- [2025 Legislative Implementation Guide](#)
- **Tracked Health Care Bills 2025-26:** bills we're following in the California State Legislature
- November 2025 IHA Provider Directory webinar [recording](#)
- **Office of Health Care Affordability** [regulations](#) and [explanatory slide deck](#)
- **DMHC Quality and Equity Reporting** program [All Plan Letter](#)

For more news and resources, please visit APG's [website](#) or contact a member of APG's California advocacy team.

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