STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 07/23)

Fiscal Year	Business Unit Number	Department
2025-26	4265	California Department of Public Health
Hyperion Budget Request Name		**Relevant Program or Subprogram**
4265-187-BCP-2025-GB		4050010 – Health Facilities

Budget Request Title
Health Care Services: Artificial Intelligence (Assembly Bill (AB) 3030)

Budget Request Summary
The California Department of Public Health (CDPH) requests 3.0 positions and expenditure authority of $672,000 in 2025-26 and ongoing from the State Department of Public Health Licensing and Certification Program Fund to provide resources to implement the provisions of AB 3030, which requires health care services providers that use artificial intelligence (AI) to provide patient communications to include a disclaimer and instructions describing how a patient may contact a human health care provider or other appropriate person.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed
☐ Trailer Bill Language ☐ Budget Bill Language ☒ N/A	Not Applicable

Does this BCP contain information technology (IT) components? ☐ Yes ☒ No *If yes, departmental Chief Information Officer must sign.*	Department CIO Not Applicable	Date Not Applicable

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. Not Applicable **Project Approval Document:** Not Applicable

Approval Date: Not Applicable **Total Project Cost:** Not Applicable

If proposal affects another department, does other department concur with proposal? ☐ Yes ☒ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Eric Ruth	10/1/2024	Phuong La	10/4/2024
Department Director	**Date**	**Agency Secretary**	**Date**
Rita Nguyen	10/11/2024	Julie Souliere	10/11/2024

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst	Date submitted to the Legislature
Nina Hoang	1/10/2025

A. Problem Statement

The CDPH Center for Health Care Quality (CHCQ) is responsible for regulatory oversight of licensed health care facilities and health care professionals to assess the safety, effectiveness, and quality of health care for all Californians. CHCQ fulfills this role by conducting periodic inspections and complaint investigations of health care facilities to determine compliance with federal and state laws and regulations. CHCQ receives funds through Title XVIII and Title XIX grants from the Centers for Medicare and Medicaid Services and licensing fees paid by health care facilities. CHCQ licenses and certifies over 15,000 health care facilities and agencies across California in 30 different licensure and certification categories. CHCQ evaluates health care facilities for compliance with state and federal laws and regulations, and contracts with the Los Angeles County Department of Public Health to license and certify health care facilities located in Los Angeles County.

Across the state, pilot programs are testing the use of generative artificial intelligence (GenAI) as a tool to assist clinicians with patient communications. As AI becomes increasingly integrated in our health care systems, it is important to maintain the trust between a patient and their provider, while ensuring the accuracy of information being communicated to patients. AB 3030 requires specified entities that use GenAI to generate verbal or written patient communications pertaining to patient clinical information to ensure those communications include both a disclaimer that GenAI generated the communication and clear instructions describing how the patient may contact a human health care provider or other appropriate person. This bill requires healthcare providers who use this technology to provide a disclaimer that the communication was AI-generated, along with clear instructions for how a patient can directly communicate with a healthcare provider. This bill allows health care providers to benefit from the increased efficiencies offered by GenAI tools while simultaneously providing recourse to patients who are not satisfied with GenAI-generated responses.

Resource History
State Department of Public Health Licensing and Certification Program Fund
(Dollars in thousands)

Program Budget	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25*
Authorized Expenditures	$193,764	$212,413	$263,309	$300,119	$311,530	$317,513
Actual Expenditures	$190,934	$207,345	$222,022	$263,399	$311,490	$317,513
Revenues	$200,028	$226,049	$264,027	$316,731	$322,982	$272,052
Authorized Positions	1,342.25	1,418.25	1,477.25	1,536.4	1,534.4	1,540.4
Filled Positions	1,247.25	1,242.25	1,254.0	1,276.8	1,364.8	1,447.98
Vacancies	95.0	176.0	223.25	259.6	169.6	92.42

*Projected

B. Justification

AB 3030 requires a health facility, clinic, physician's office, or office of a group practice that uses GenAI to generate written or verbal patient communications pertaining to patient clinical information to ensure that those communications include a disclaimer and clear instructions describing how a patient can communicate with a human health care provider, or other appropriate person. The disclaimer must indicate the communication was generated by GenAI and must comply with the following formatting requirements:

- For written communications involving physical and digital media, including letters, emails, and other occasional messages, the disclaimer must appear prominently at the beginning of each communication.

- For written communications involving continuous online interactions, including chat-based telehealth, the disclaimer must be prominently displayed throughout the interaction.
- For audio communications, the disclaimer must be provided verbally at the start and end of the interaction.
- For video communications, the disclaimer must be prominently displayed throughout the interaction.

This bill clarifies that if a communication is generated by GenAI and read and reviewed by a human licensed or certified health care provider, then a disclaimer described above is not required.

AB 3030 also includes definitions for artificial intelligence, clinic, GenAI, health care provider, health facility, office of a group practice, patient clinical information, and physician's office. These definitions clarify what types of facilities would be impacted by the bill's requirements, including clinics and health facilities which are under the licensing oversight of CDPH. Moreover, the bill defines GenAI as artificial intelligence that possesses the ability to generate derived synthetic content including images, videos, audio, text, and other digital content. CDPH has no concerns with these statutory definitions as they would not impact regular CDPH practices.

Based on the increasing accessibility of generative AI, CDPH estimates that 40 percent of facilities will use AI tools in patient communication. This results in the following range of costs:

- Health Facilities Evaluator Nurse (HFEN) 3.0 Full Time Employees (FTE): There are currently 15,000 open health facilities and clinics with active licenses under CDPH's purview. Assuming 40 percent of these facilities use some form of generative AI in their patient communications, CDPH will need to review 6,000 facilities for compliance with the disclaimer requirements of AB 3030. Assuming a HFEN requires on average two hours to review each facility or clinic's various generative AI communication platforms during relicensing surveys, including written, audio, video, and online interface communications, this will generate an additional 12,000 hours of work each license renewal cycle. Clinics and health facilities have varying license renewal periods, but assuming CDPH conducts a relicensing survey every two years on average, we estimate this will generate an additional 6,000 hours of work annually. Since a HFEN can complete 1,800 hours of work each year, CDPH will require approximately 3.0 permanent FTE HFENs to complete the new workload. This would result in costs of $390,000 in the second half of 2024-25 that will be absorbed, and annual, ongoing costs of approximately $672,000 beginning in 2025-26.

Resource	Positions	2024-25	2025-26
Health Facilities Evaluator Nurse	3.0	$390,000	$672,000
Total	**3.0**	**$390,000**	**$672,000**

C. Departmentwide and Statewide Considerations

This proposal is consistent with CDPH's mission to advance the health and well-being of California's diverse people and communities. It aligns with the mission of the CDPH Substance and Addiction Prevention Branch (SAPB) to reduce individual, social, and environmental harms caused by substance-related and addictive disorders through research-driven prevention, education, and treatment in California and with the mission of the CDPH Occupational Health Branch (OHB) to promote safe and healthy workplaces for all Californians. The bill weakens existing public health protections and increases the health

hazards for employees exposed to secondhand cannabis smoke. This position in CDPH will attempt to address this concern by developing relevant guidance on the health impacts of secondhand cannabis smoke for workers.

D. Outcomes and Accountability

This bill will allow health care providers to benefit from the increased efficiencies offered by GenAI tools while simultaneously providing recourse to patients who are not satisfied with GenAI-generated responses.

Trust is one of the central features of patient-physician relationships. Rapid changes in the health care system are feared by many to be threatening patients' trust in their physicians. AB 3030 increases communication and transparency between patients and physicians by ensuring that patients know whether they are communicating with a human or a GenAI tool. The disclaimers required by this bill may ultimately help improve or maintain a trusting relationship between patients and healthcare providers, especially among patients who are wary of increasing GenAI correspondence.

Moreover, providing patients with instructions on how they can speak directly with a human may help alleviate any apprehensions patients may have from receiving GenAI correspondence pertaining to their clinical information.

Projected Outcomes

Workload Measure	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Estimated Re-licensure Surveys in facilities using GenAI	3,000	3,000	3,000	3,000	3,000	3,000

E. Implementation Plan

- January 2025 – AB 3030 takes effect, CHCQ begins enforcement activities as part of relicensure process.
- July - September 2025 – Hiring and Recruitment of HFENs
- October - December 2025 – Onboarding and training of HFEN

F. Supplemental Information

Attachment I: BCP Fiscal Detail Sheet

Attachment II: Workload Analysis

Attachment III: Current vs. Proposed Organizational Chart

Attachment I: BCP Fiscal Detail Sheet

BCP Title: Implementation of AB 3030: Health Care Service: Artificial Intelligence

BR Name: 4265-187-BCP-2025-GB

Budget Request Summary

Personal Services

Personal Services	Current Year	Budget Year	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	3.0	3.0	3.0	3.0	3.0
Total Positions	**0.0**	**3.0**	**3.0**	**3.0**	**3.0**	**3.0**
Salaries and Wages Earnings - Permanent	$0	$348	$348	$348	$348	$348
Total Salaries and Wages	**$0**	**$348**	**$348**	**$348**	**$348**	**$348**
Total Staff Benefits	0	$216	$216	$216	$216	$216
Total Personal Services	**$0**	**$564**	**$564**	**$564**	**$564**	**$564**

Operating Expenses and Equipment

Operating Expenses and Equipment	Current Year	Budget Year	BY+1	BY+2	BY+3	BY+4
5301 – General Expense	$0	$18	$18	$18	$18	$18
5302 – Printing	$0	$6	$6	$6	$6	$6
5320 – Travel: In-State	$0	$39	$39	$39	$39	$39
5322 – Training	$0	$3	$3	$3	$3	$3
5342 – Departmental Services	$0	$42	$42	$42	$42	$42
Total Operating Expenses and Equipment	**$0**	**$108**	**$108**	**$108**	**$108**	**$108**

Total Budget Request

Total Budget Request	Current Year	Budget Year	BY+1	BY+2	BY+3	BY+4
Total Budget Request	**$0**	**$672**	**$672**	**$672**	**$672**	**$672**

Fund Summary

Fund Source

Fund Source – State Operations	Current Year	Budget Year	BY+1	BY+2	BY+3	BY+4
3098 – State Department of Public Health Licensing and Certification Program Fund	$0	$672	$672	$672	$672	$672
Total State Operations Expenditures	**$0**	**$672**	**$672**	**$672**	**$672**	**$672**
Total All Funds	**$0**	**$672**	**$672**	**$672**	**$672**	**$672**

Program Summary

Program Funding

Program Funding	Current Year	Budget Year	BY+1	BY+2	BY+3	BY+4
4045010 – Healthy Communities	$0	$672	$672	$672	$672	$672
Total All Programs	**$0**	**$672**	**$672**	**$672**	**$672**	**$672**

Personal Services Details

	Salary Information Min	Mid	Max	Current Year	Budget Year	BY+1	BY+2	BY+3	BY+4
Positions									
8011 – Health Facilities Evaluator Nurse (Eff. 7/1/2025)				0.0	3.0	3.0	3.0	3.0	3.0
Total Positions				**0.0**	**3.0**	**3.0**	**3.0**	**3.0**	**3.0**

Salaries and Wages	Current Year	Budget Year	BY+1	BY+2	BY+3	BY+4
8011 – Health Facilities Evaluator Nurse (Eff. 7/1/2025)	0	348	348	348	348	348
Total Salaries and Wages	**$0**	**$348**	**$348**	**$348**	**$348**	**$348**

Staff Benefits	Current Year	Budget Year	BY+1	BY+2	BY+3	BY+4
5150900 – Staff Benefits – Other	$0	$216	$216	$216	$216	$216
Total Staff Benefits	**$0**	**$216**	**$216**	**$216**	**$216**	**$216**
Total Personal Services	**$0**	**$564**	**$564**	**$564**	**$564**	**$564**

Attachment II: Workload Analysis

California Department of Public Health
Center for Health Care Quality
Field Operations South Division
San Diego District Office

Health Facility Evaluator Nurse (HFEN)
3.0 Positions

Activity	Number of Items	Hours per Item	Total Annual Hours
Travels to and conducts in-depth surveys of healthcare facilities, individually or as part of a team, to determine compliance with State licensing and federal certification requirements. Conducts and documents interviews of healthcare facilities' residents, staff, and other relevant personnel. Requests and reviews resident medical files for relevant patient information, documenting necessary information for legal action while ensuring patient confidentiality. Independently, or as part of a team, makes a determination of healthcare facilities' compliance with State and federal laws and regulations based on survey findings and observations. Prepares written comprehensive narrative reports of findings including conclusions and recommendations and prepares written statements of deficiencies when deemed appropriate.	3	630	1,890
In response to complaints submitted to the CDPH regarding patient care and healthcare delivery in licensed healthcare facilities, the incumbent travels to and conducts investigations of facilities, documenting fully for legal actions all evidence relating to non-compliance. Conducts and documents interviews of healthcare facilities' residents, staff, and other relevant personnel. Requests and reviews resident medical files for relevant patient information, documenting necessary information while ensuring patient confidentiality. Independently makes a determination of healthcare facilities' compliance with State and federal regulations and prepares written reports of investigations, including conclusions and recommendations, and prepares written statements of deficiencies when deemed appropriate.	3	630	1,890
Attends and presents both written and verbal testimony to provide support for civil monetary penalties, informal conferences, citation review conferences, evidentiary hearings, informal dispute resolutions, municipal or superior court proceedings, and arbitration procedures. Responds to these legal actions as an expert witness on matters relating to State and federal laws and regulations pertaining to patient care and the healthcare delivery system.	3	180	540

Attends meetings and participates in local programs to improve uniform compliance in licensed health care facilities. Attends training sessions in order to keep abreast of trends in the healthcare delivery system and industries.	3	180	540
Advises and assists healthcare facility administrators in matters relating to the State requirements for inspections, licensing, construction, and operation of healthcare facilities.	3	90	270
Other duties as required, including, but not limited to, collecting data required for special studies and preparing licensing and complaint packets for staff.	3	90	270
Total hours for workload projected for this classification			**5,400**
1,800 hours = 1 Position			**1,800**
Actual number of Positions requested			**3**

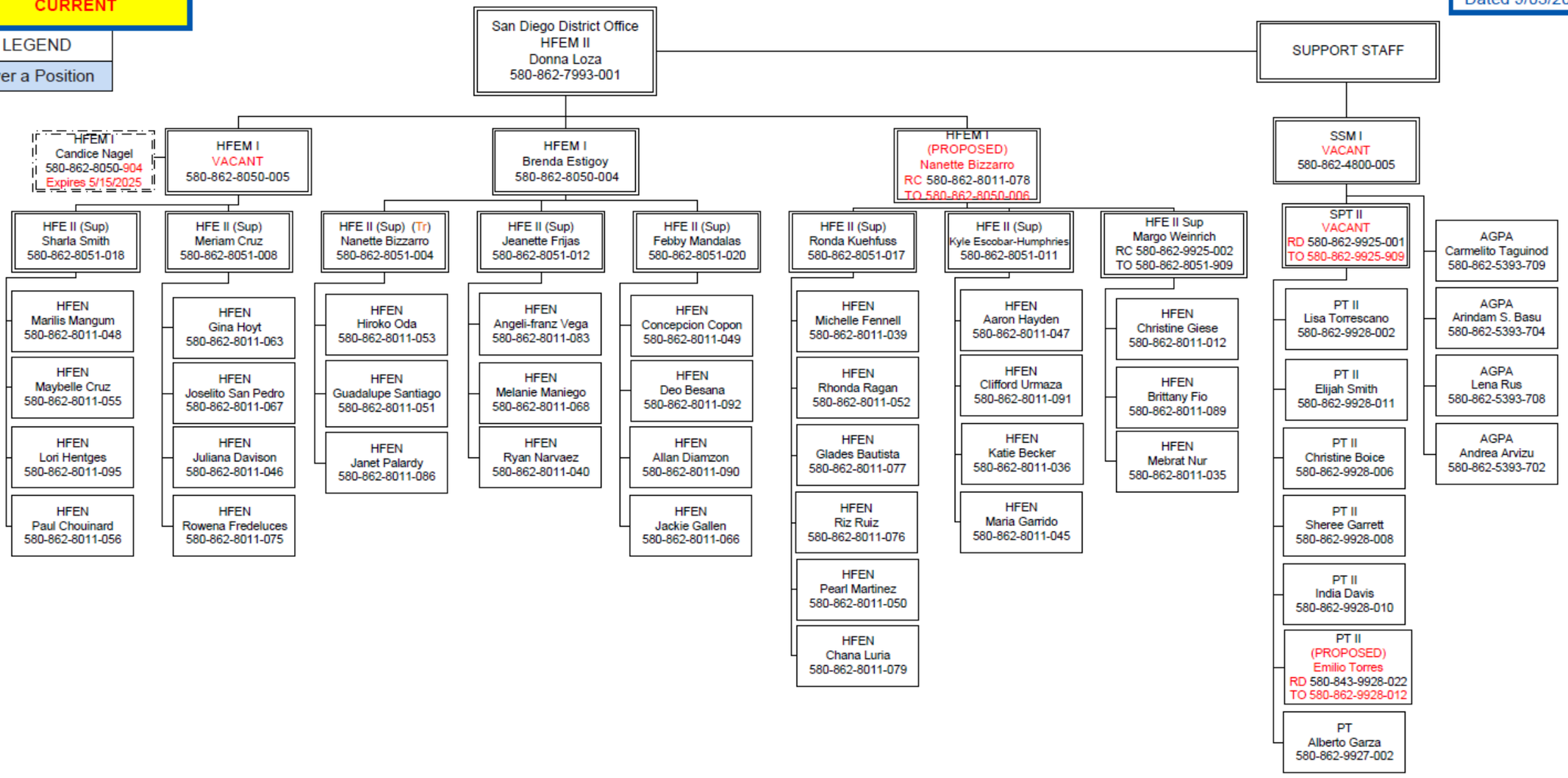
California Department of Public Health
Center for Health Care Quality
Field Operations South Division
Inland Empire Region
San Diego District Office

CURRENT

Dated 9/03/2024

LEGEND

Over a Position



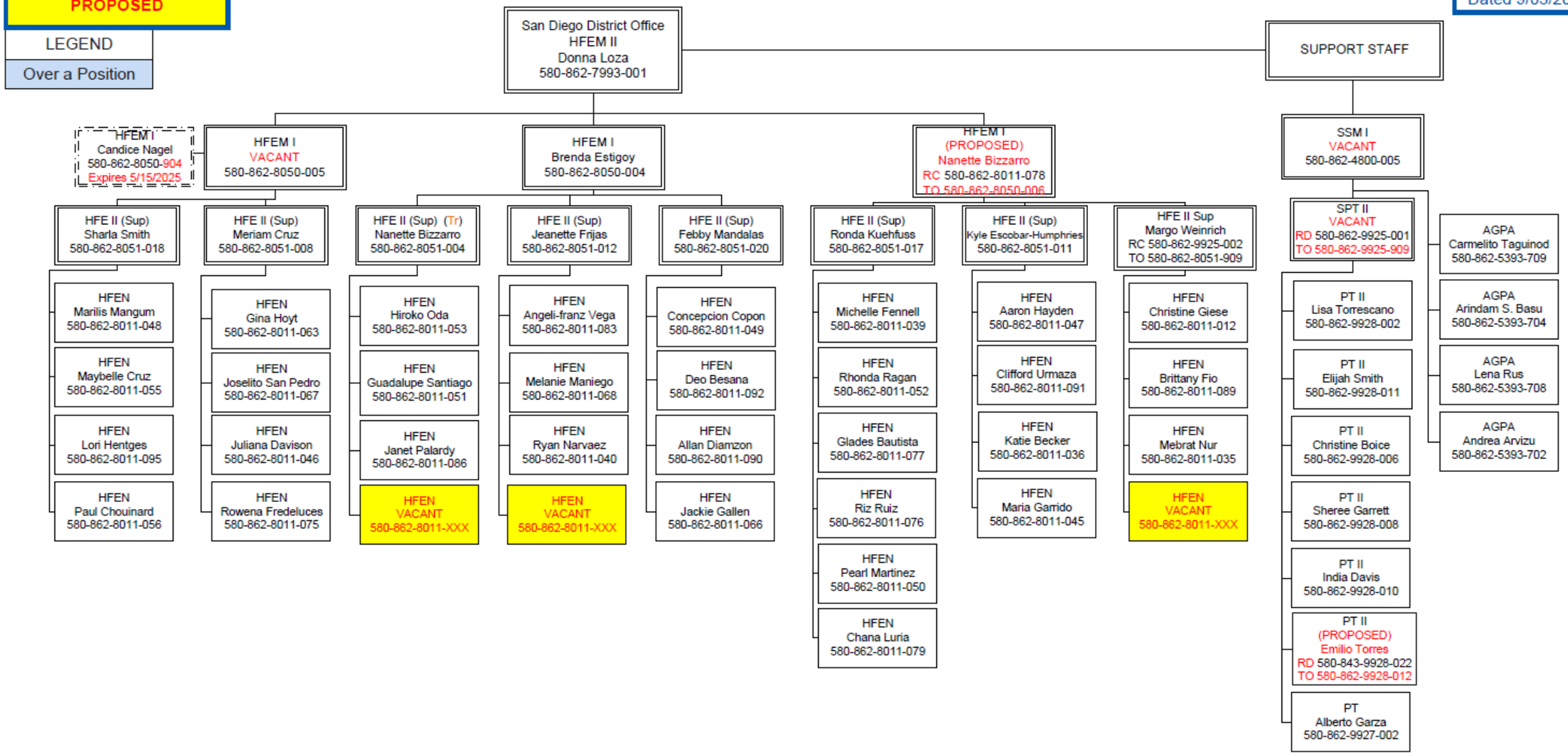
California Department of Public Health
Center for Health Care Quality
Field Operations South Division
Inland Empire Region
San Diego District Office

PROPOSED

Dated 9/03/2024

LEGEND

Over a Position



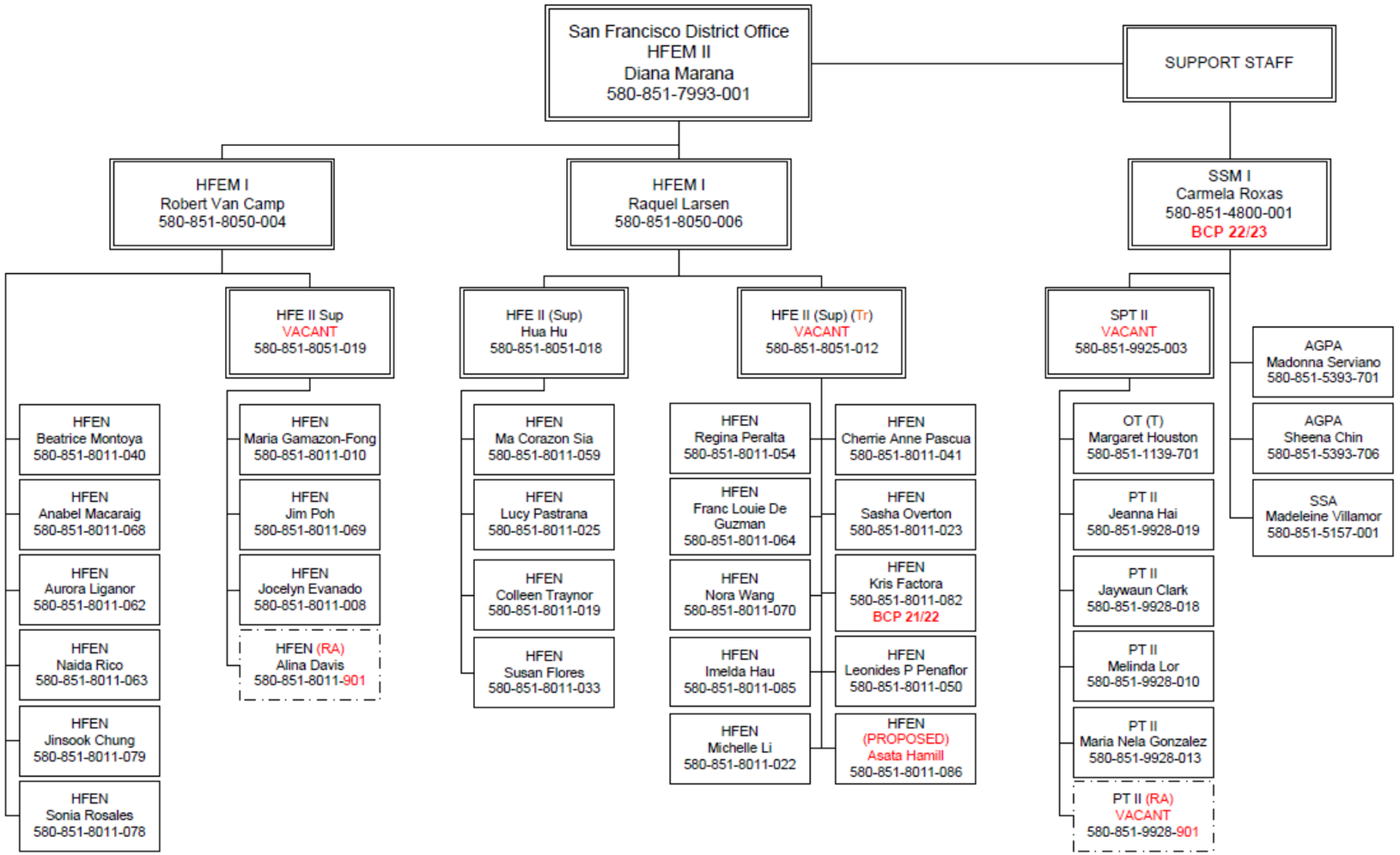
California Department of Public Health
Center for Health Care Quality
Field Operations North Division
Bay Area Region
San Francisco District Office

CURRENT

Dated 9/03/2024

LEGEND

Over a Position



California Department of Public Health
Center for Health Care Quality
Field Operations North Division
Bay Area Region
San Francisco District Office

PROPOSED

Dated 9/03/2024

LEGEND

Over a Position

