Assembly Bill 1887 (2026)

Prescription Drug Coverage for Rare Diseases

Analysis at a Glance

as amended on 3/26/2026

Bill Summary

Assembly Bill (AB) 1887 would prohibit utilization management for FDA-approved prescription drugs indicated for the treatment of rare diseases (orphan drugs), unless a biosimilar, interchangable biologic, or generic version of the drug is available. Utilization management includes prior authorization, step therapy, and other utilization review.

Context

Rare Diseases (orphan diseases): Diseases that impact <200,000 people in the US

1 out of 10 Californians live with a rare disease

Utilization management: Techniques used by health plans and insurers to control costs, ensure medication compatibility, and manage safety.

Diagnosis of a rare disease takes an average of 4-5 years. 5% of the ~5k-10k rare diseases have FDA-approved drug treatments.

Medical Effectiveness

Not enough research on the impacts of utilization management on the use of prescription drugs for ***rare*** diseases.

Some evidence that utilization management can delay treatment of ***non-rare*** diseases; impacts may be different for treatment of rare diseases.

Utilization and Expenditures

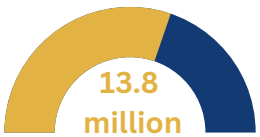
CHBRP estimates **8,200 people** would start new orphan drug prescriptions **sooner** each year; in total, an additional **17,000** prescriptions would be filled/administered within a plan benefit year, with the following fiscal impacts:

+$148 million in total annual premiums paid by employers and enrollees

+$900 to **+$1,200** in annual average cost sharing per enrollee (varies by market segment)

Insurance Subject to the Mandate

Of 22.8M enrollees in state-regulated health insurance in California…



13.8 million would have insurance subject to AB 1887

- ☑ CDI and DMHC-Regulated (Commercial and CalPERS)
- ☒ Medi-Cal

California Health Benefits Review Program (**CHBRP**), California Department of Insurance (**CDI**), California Department of Managed Health Care (**DMHC**), Food and Drug Administration (**FDA**)

Public Health Impacts

No measurable public health impact at the population level, but AB 1887 may yield health and quality of life improvements individually:

- Faster access to medications
- Potential reductions in unnecessary healthcare utilization when waiting for prior authorization
- Reduced stress and administration burdens for patients, families, and clinicians

Long-Term Impacts

Increases in premiums from higher utilization of orphan drugs due to:

- New drug development
- Improvements to diagnostic technologies for rare diseases

Utilization growth and fiscal impact may stabilize as more biosimilar alternatives become available over time.