

ASSEMBLY BILL

No. 1970

Introduced by Assembly Member Harabedian

February 13, 2026

An act to add Section 1367.202 to the Health and Safety Code, and to add Section 10123.1931 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1970, as introduced, Harabedian. Health care coverage: mental health or substance use disorders.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance. Existing law authorizes health care service plans and health insurers that cover prescription drugs to utilize reasonable medical management practices, including prior authorization and step therapy, consistent with applicable law.

This bill would prohibit a health care service plan contract or a health insurance policy that is issued, amended, or renewed on or after January 1, 2027, from imposing step therapy as a prerequisite to authorizing coverage of any prescription drug used for the treatment of mental health or substance use disorders, as defined. The bill would specify that the prohibition on step therapy does not apply when the United States Food and Drug Administration-labeled indications and usage of a drug indicate that some prior medication must be taken. Because a

willful violation of this provision by a health care service plan would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1367.202 is added to the Health and
2 Safety Code, to read:

3 1367.202. (a) Notwithstanding any other law, a health care
4 service plan contract that is issued, amended, or renewed on or
5 after January 1, 2027, shall not impose step therapy as a
6 prerequisite to authorizing coverage of any prescription drug used
7 for the treatment of mental health or substance use disorders, as
8 defined in Section 1374.72.

9 (b) For purposes of this section, “step therapy” means the same
10 as defined in Section 10123.201 of the Insurance Code.

11 (c) This section shall apply to Medi-Cal managed care plan
12 contracts only to the extent that the State Department of Health
13 Care Services obtains any necessary federal approvals, and federal
14 financial participation under the Medi-Cal program is available
15 and not otherwise jeopardized.

16 (d) This section does not require or authorize a health care
17 service plan that contracts with the State Department of Health
18 Care Services to provide services to Medi-Cal beneficiaries to
19 provide coverage for prescription drugs that are not required
20 pursuant to those programs or contracts, or to limit or exclude any
21 prescription drugs that are required by those programs or contracts.

22 (e) For purposes of this section, the prohibition on step therapy
23 shall not apply when the United States Food and Drug
24 Administration-labeled indications and usage of a drug indicate
25 that some prior medication must be taken.

26 (f) This section does not apply to a specialized health care
27 service plan contract that covers only dental or vision benefits or
28 a Medicare supplement contract.

1 SEC. 2. Section 10123.1931 is added to the Insurance Code,
2 to read:

3 10123.1931. (a) Notwithstanding any other law, a health
4 insurance policy that is issued, amended, or renewed on or after
5 January 1, 2027, shall not impose step therapy as a prerequisite to
6 authorizing coverage of any prescription drug used for the treatment
7 of mental health or substance use disorders, as defined in Section
8 10144.5.

9 (b) For purposes of this section, “step therapy” means the same
10 as defined in Section 10123.201.

11 (c) For purposes of this section, the prohibition on step therapy
12 shall not apply when the United States Food and Drug
13 Administration-labeled indications and usage of a drug indicate
14 that some prior medication must be taken.

15 (d) This section does not apply to dental-only or vision-only
16 health insurance, Medicare supplement insurance, or nonhealth
17 disability insurance policies.

18 SEC. 3. No reimbursement is required by this act pursuant to
19 Section 6 of Article XIIIIB of the California Constitution because
20 the only costs that may be incurred by a local agency or school
21 district will be incurred because this act creates a new crime or
22 infraction, eliminates a crime or infraction, or changes the penalty
23 for a crime or infraction, within the meaning of Section 17556 of
24 the Government Code, or changes the definition of a crime within
25 the meaning of Section 6 of Article XIIIIB of the California
26 Constitution.