

**ASSEMBLY BILL**

**No. 1970**

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**Introduced by Assembly Member Harabedian**

February 13, 2026

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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 XIII B 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 XIII B of the California  
26 Constitution.