## AMENDED IN ASSEMBLY MARCH 3, 2025

CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

## ASSEMBLY BILL

No. 554

## Introduced by Assembly Member Mark González Members Mark González and Haney

(Principal coauthor: Senator Wiener)
(Coauthors: Assembly Members Jackson and Ward)

February 11, 2025

An act to amend, repeal, and add Section 1342.74 of the Health and Safety Code, and to amend, repeal, and add Section 10123.1933 of the Insurance Code, relating to health care coverage.

## LEGISLATIVE COUNSEL'S DIGEST

AB 554, as amended, Mark González. Health care coverage: antiretroviral drugs, drug devices, and drug products.

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 provides for the regulation of health insurers by the Department of Insurance. Existing law generally prohibits a health care service plan, excluding a Medi-Cal managed care plan, or health insurer from subjecting antiretroviral drugs that are medically necessary for the prevention of HIV/AIDS, including preexposure prophylaxis or postexposure prophylaxis, to prior authorization or step therapy. Under existing law, a health care service plan or health insurer is not required to cover all the therapeutically equivalent versions of those drugs without prior authorization or step therapy if at least one is covered without prior authorization or step therapy.

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This-bill bill, the Protecting Rights, Expanding Prevention, and Advancing Reimbursement for Equity (PrEPARE) Act of 2025, would instead prohibit a health care service plan, excluding a Medi-Cal managed care plan, or health insurer from subjecting antiretroviral drugs, drug devices, or drug products that are either approved by the United States Food and Drug Administration (FDA) or recommended by the federal Centers for Disease Control and Prevention (CDC) for the prevention of HIV/AIDS, to prior authorization or step therapy, prior authorization, step therapy, or any other protocol designed to *delay treatment*, but would authorize prior authorization or step therapy if at least one therapeutically equivalent version is covered without prior authorization or step therapy and the plan or insurer provides coverage for a noncovered therapeutic equivalent antiretroviral drug, drug device, or drug product without cost sharing pursuant to an exception request. The bill would specify that, for therapeutically equivalent coverage purposes, a long-acting injectable drug is not therapeutically equivalent to a long-acting injectable drug with a different duration. The bill would require a plan or insurer to provide coverage under the outpatient prescription drug benefit for those drugs, drug devices, or drug products, including by supplying participating providers directly with a drug, drug device, or drug product, as specified.

This bill would require a nongrandfathered or grandfathered health care service plan contract or health insurance policy to provide coverage for antiretroviral drugs, drug devices, or drug products that are either approved by the FDA or recommended by the CDC for the prevention of HIV/AIDS, and would prohibit a nongrandfathered or grandfathered health care service plan contract or health insurance policy from imposing any cost-sharing or utilization review requirements for those drugs, drug devices, or drug products. The bill would exempt Medi-Cal managed care plans from these provisions and would delay the application of these provisions for an individual and small group health care service plan contract or health insurance policy until January 1, 2027.

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

Existing law requires a health care service plan or health insurer to cover preexposure prophylaxis or postexposure prophylaxis that has been furnished by a pharmacist, as specified. Existing law prohibits a health care service plan or health insurer from prohibiting a pharmacy

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provider from dispensing preexposure prophylaxis or postexposure prophylaxis.

This bill would delete the requirement for a health care service plan or health insurer to cover postexposure prophylaxis that has been furnished by a pharmacist. The bill would delete the provisions that prohibit a health care service plan or health insurer from prohibiting a pharmacy provider from dispensing postexposure prophylaxis.

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. This act shall be known, and may be cited, as the
- 2 Protecting Rights, Expanding Prevention, and Advancing
- Reimbursement for Equity (PrEPARE) Act of 2025.
- 4 SECTION 1.
- 5 SEC. 2. Section 1342.74 of the Health and Safety Code is 6 amended to read:
- 1342.74. (a) (1) Notwithstanding Section 1342.71, a health
- care service plan shall not subject antiretroviral drugs, drug devices,
- 9 or drug products that are either approved by the United States Food
- 10 and Drug Administration (FDA) or recommended by the federal
- 11 Centers for Disease Control and Prevention (CDC) for the
- 12 prevention of HIV/AIDS, including preexposure prophylaxis, to
- 13 prior authorization or step therapy, prophylaxis or postexposure
- prophylaxis, to prior authorization, step therapy, or any other 14
- 15 protocol designed to delay treatment, except as provided in
- 16 paragraph (2).
- 17 (2) If the FDA has approved one or more therapeutic equivalents 18 of a drug, drug device, or drug product for the prevention of
- 19 HIV/AIDS, this section does not require a health care service plan
- 20 to cover all of the therapeutically equivalent versions without prior
- 21 authorization or step therapy, if at least one therapeutically
- 22 equivalent version is covered without prior authorization or step
- 23 therapy and the plan provides coverage for a noncovered

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therapeutic equivalent antiretroviral drug, drug device, or drug product without cost sharing pursuant to an exception request. For purposes of this section, a long-acting injectable drug is not therapeutically equivalent to a long-acting injectable drug with a different duration.

- (b) Notwithstanding any other law, a health care service plan shall not prohibit, or permit a delegated pharmacy benefit manager to prohibit, a pharmacy provider from dispensing preexposure *prophylaxis or postexposure* prophylaxis.
- (c) A health care service plan shall cover preexposure prophylaxis and postexposure prophylaxis that has been furnished by a pharmacist, as authorized in Section 4052.02 Sections 4052.02 and 4052.03 of the Business and Professions Code, including the pharmacist's services and related testing ordered by the pharmacist. A health care service plan shall pay or reimburse, consistent with the requirements of this chapter, for the service performed by a pharmacist at an in-network pharmacy or a pharmacist at an out-of-network pharmacy if the health care service plan has an out-of-network pharmacy benefit.
- (d) This section does not require a health care service plan to cover preexposure prophylaxis or postexposure prophylaxis by a pharmacist at an out-of-network pharmacy, unless in the case of an emergency or if the health care service plan has an out-of-network pharmacy benefit.
- (e) (1) A nongrandfathered health care service plan contract shall provide coverage, and shall not impose any cost-sharing or utilization review requirements, for antiretroviral drugs, drug devices, or drug products that are either approved by the FDA or recommended by the CDC for the prevention of HIV/AIDS, including preexposure prophylaxis.
- (2) A health care service plan contract that is a grandfathered health plan shall provide coverage, and shall not impose any cost-sharing or utilization review requirements, for antiretroviral drugs, drug devices, or drug products that are either approved by the FDA or recommended by the CDC for the prevention of HIV/AIDS, including preexposure prophylaxis.
- (3) This subdivision does not apply to individual and small group health care service plan contracts.
- (f) In addition to the coverage a health care service plan provides for prescription drugs that are not self-administered, a health care

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service plan shall provide coverage under the outpatient prescription drug benefit for antiretroviral drugs, drug devices, or drug products that are either approved by the FDA or recommended by the CDC for the prevention of HIV/AIDS, including by supplying providers directly with a drug, drug device, or drug product that is required by this section and is not self-administered.

- (g) (1) This section does not apply to a specialized health care service plan contract that covers only dental or vision benefits or a Medicare supplement contract.
- (2) This section applies regardless of whether or not an antiretroviral drug, drug device, or drug product is self-administered.
- (3) This section shall not apply to Medi-Cal managed care plans contracting with the State Department of Health Care Services pursuant to Chapter 7 (commencing with Section 14000), Chapter 8 (commencing with Section 14200), or Chapter 8.75 (commencing with Section 14590) of Part 3 of Division 9 of the Welfare and Institutions Code, to the extent that the services described in this section are excluded from coverage under the contract between the Medi-Cal managed care plans and the State Department of Health Care Services.
- (h) A health care service plan contract that is a high deductible health plan under the definition set forth in Section 223(c)(2) of Title 26 of the United States Code shall comply with the cost-sharing requirements of this section. However, if not applying the minimum annual deductible to an antiretroviral drug, drug device, or drug product would conflict with federal requirements for high deductible health plans, the cost-sharing limits shall apply once a contract's deductible has been satisfied for the plan year.
- (i) This section shall remain in effect only until January 1, 2027, and as of that date is repealed.

SEC. 2.

- SEC. 3. Section 1342.74 is added to the Health and Safety Code, to read:
- 1342.74. (a) (1) Notwithstanding Section 1342.71, a health care service plan shall not subject antiretroviral drugs, drug devices, or drug products that are either approved by the United States Food and Drug Administration (FDA) or recommended by the federal Centers for Disease Control and Prevention (CDC) for the prevention of HIV/AIDS, including preexposure prophylaxis, to

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prior authorization or step therapy, propyhlaxis or postexposure prophylaxis, to prior authorization, step therapy, or any other protocol designed to delay treatment, except as provided in paragraph (2).

- (2) If the FDA has approved one or more therapeutic equivalents of a drug, drug device, or drug product for the prevention of HIV/AIDS, this section does not require a health care service plan to cover all of the therapeutically equivalent versions without prior authorization or step therapy, if at least one therapeutically equivalent version is covered without prior authorization or step therapy and the plan provides coverage for a noncovered therapeutic equivalent antiretroviral drug, drug device, or drug product without cost sharing pursuant to an exception request. For purposes of this section, a long-acting injectable drug is not therapeutically equivalent to a long-acting injectable drug with a different duration.
- (b) Notwithstanding any other law, a health care service plan shall not prohibit, or permit a delegated pharmacy benefit manager to prohibit, a pharmacy provider from dispensing preexposure *prophylaxis or postexposure* prophylaxis.
- (c) A health care service plan shall cover preexposure prophylaxis and postexposure prophylaxis that has been furnished by a pharmacist, as authorized in Section 4052.02 Sections 4052.02 and 4052.03 of the Business and Professions Code, including the pharmacist's services and related testing ordered by the pharmacist. A health care service plan shall pay or reimburse, consistent with the requirements of this chapter, for the service performed by a pharmacist at an in-network pharmacy or a pharmacist at an out-of-network pharmacy if the health care service plan has an out-of-network pharmacy benefit.
- (d) This section does not require a health care service plan to cover preexposure prophylaxis or postexposure prophylaxis by a pharmacist at an out-of-network pharmacy, unless in the case of an emergency or if the health care service plan has an out-of-network pharmacy benefit.
- (e) (1) A nongrandfathered health care service plan contract shall provide coverage, and shall not impose any cost-sharing or utilization review requirements, for antiretroviral drugs, drug devices, or drug products that are either approved by the FDA or

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recommended by the CDC for the prevention of HIV/AIDS, including preexposure prophylaxis.

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- (2) A health care service plan contract that is a grandfathered health plan shall provide coverage, and shall not impose any cost-sharing or utilization review requirements, for antiretroviral drugs, drug devices, or drug products that are either approved by the FDA or recommended by the CDC for the prevention of HIV/AIDS, including preexposure prophylaxis.
- (f) In addition to the coverage a health care service plan provides for prescription drugs that are not self-administered, a health care service plan shall provide coverage under the outpatient prescription drug benefit for antiretroviral drugs, drug devices, or drug products that are either approved by the FDA or recommended by the CDC for the prevention of HIV/AIDS, including by supplying providers directly with a drug, drug device, or drug product that is required by this section and is not self-administered.
- (g) (1) This section does not apply to a specialized health care service plan contract that covers only dental or vision benefits or a Medicare supplement contract.
- (2) This section applies regardless of whether or not an antiretroviral drug, drug device, or drug product is self-administered.
- (3) This section shall not apply to Medi-Cal managed care plans contracting with the State Department of Health Care Services pursuant to Chapter 7 (commencing with Section 14000), Chapter 8 (commencing with Section 14200), or Chapter 8.75 (commencing with Section 14590) of Part 3 of Division 9 of the Welfare and Institutions Code, to the extent that the services described in this section are excluded from coverage under the contract between the Medi-Cal managed care plans and the State Department of Health Care Services.
- (h) A health care service plan contract that is a high deductible health plan under the definition set forth in Section 223(c)(2) of Title 26 of the United States Code shall comply with the cost-sharing requirements of this section. However, if not applying the minimum annual deductible to an antiretroviral drug, drug device, or drug product would conflict with federal requirements for high deductible health plans, the cost-sharing limits shall apply once a contract's deductible has been satisfied for the plan year.
  - (i) This section shall become operative on January 1, 2027.

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1 SEC. 3.

2 SEC. 4. Section 10123.1933 of the Insurance Code is amended to read:

- 10123.1933. (a) (1) Notwithstanding Section 10123.201, a health insurer shall not subject antiretroviral drugs, drug devices, or drug products that are either approved by the United States Food and Drug Administration (FDA) or recommended by the federal Centers for Disease Control and Prevention (CDC) for the prevention of HIV/AIDS, including preexposure prophylaxis, to prior authorization or step therapy, prophylaxis or postexposure prophylaxis, to prior authorization, step therapy, or any other protocol designed to delay treatment, except as provided in paragraph (2).
- (2) If the FDA has approved one or more therapeutic equivalents of a drug, drug device, or drug product for the prevention of HIV/AIDS, this section does not require a health insurer to cover all of the therapeutically equivalent versions without prior authorization or step therapy, if at least one therapeutically equivalent version is covered without prior authorization or step therapy and the insurer provides coverage for a noncovered therapeutic equivalent antiretroviral drug, drug device, or drug product without cost sharing pursuant to an exception request. For purposes of this section, a long-acting injectable drug is not therapeutically equivalent to a long-acting injectable drug with a different duration.
- (b) Notwithstanding any other law, a health insurer shall not prohibit, or permit a contracted pharmacy benefit manager to prohibit, a pharmacist from dispensing preexposure *prophylaxis* or *postexposure* prophylaxis.
- (c) A health insurer shall cover preexposure *prophylaxis or postexposure* prophylaxis that has been furnished by a pharmacist, as authorized in Section 4052.02 Sections 4052.02 and 4052.03 of the Business and Professions Code, including the pharmacist's services and related testing ordered by the pharmacist. A health insurer shall pay or reimburse, consistent with the requirements of this chapter, for the service performed by a pharmacist at an in-network pharmacy or a pharmacist at an out-of-network pharmacy if the health insurer has an out-of-network pharmacy benefit.

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(d) This section does not require a health insurer to cover preexposure prophylaxis or postexposure prophylaxis by a pharmacist at an out-of-network pharmacy, unless in the case of an emergency or if the health insurance policy has an out-of-network pharmacy benefit.

- (e) (1) A nongrandfathered health insurance policy shall provide coverage, and shall not impose any cost-sharing or utilization review requirements, for antiretroviral drugs, drug devices, or drug products that are either approved by the FDA or recommended by the CDC for the prevention of HIV/AIDS, including preexposure prophylaxis.
- (2) A health insurance policy that is a grandfathered health plan shall provide coverage, and shall not impose any cost-sharing or utilization review requirements, for antiretroviral drugs, drug devices, or drug products that are either approved by the FDA or recommended by the CDC for the prevention of HIV/AIDS, including preexposure prophylaxis.
- (3) This subdivision does not apply to individual and small group health insurance policies.
- (f) In addition to the coverage a health insurer provides for prescription drugs that are not self-administered, a health insurer shall provide coverage under the outpatient prescription drug benefit for antiretroviral drugs, drug devices, or drug products that are either approved by the FDA or recommended by the CDC for the prevention of HIV/AIDS, including by supplying providers directly with a drug, drug device, or drug product that is required by this section and is not self-administered.
- (g) (1) This section does not apply to a specialized health insurance policy that covers only dental or vision benefits or a Medicare supplement policy.
- (2) This section applies regardless of whether or not an antiretroviral drug, drug device, or drug product is self-administered.
- (h) The department and commissioner may exercise the authority provided by this code and the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4.5 (commencing with Section 11400), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code) to implement and enforce this section. If the commissioner assesses a civil penalty for a violation, any hearing

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that is requested by the insurer may be conducted by an administrative law judge of the administrative hearing bureau of the department under the formal procedure of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. This subdivision does not impair or restrict the commissioner's authority pursuant to another provision of this code or the Administrative Procedure Act.

- (i) A health insurance policy that is a high deductible health plan under the definition set forth in Section 223(c)(2) of Title 26 of the United States Code shall comply with the cost-sharing requirements of this section. However, if not applying the minimum annual deductible to an antiretroviral drug, drug device, or drug product would conflict with federal requirements for high deductible health plans, the cost-sharing limits shall apply once a policy's deductible has been satisfied for the plan year.
- (j) This section shall remain in effect only until January 1, 2027, and as of that date is repealed.

SEC. 4.

- SEC. 5. Section 10123.1933 is added to the Insurance Code, to read:
- 10123.1933. (a) (1) Notwithstanding Section 10123.201, a health insurer shall not subject antiretroviral drugs, drug devices, or drug products that are either approved by the United States Food and Drug Administration (FDA) or recommended by the federal Centers for Disease Control and Prevention (CDC) for the prevention of HIV/AIDS, including preexposure prophylaxis, to prior authorization or step therapy, prophylaxis or postexposure prophylaxis, to prior authorization, step therapy, or any other protocol designed to delay treatment, except as provided in paragraph (2).
- (2) If the FDA has approved one or more therapeutic equivalents of a drug, drug device, or drug product for the prevention of HIV/AIDS, this section does not require a health insurer to cover all of the therapeutically equivalent versions without prior authorization or step therapy, if at least one therapeutically equivalent version is covered without prior authorization or step therapy and the insurer provides coverage for a noncovered therapeutic equivalent antiretroviral drug, drug device, or drug product without cost sharing pursuant to an exception request. For purposes of this section, a long-acting injectable drug is not

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therapeutically equivalent to a long-acting injectable drug with a different duration.

- (b) Notwithstanding any other law, a health insurer shall not prohibit, or permit a contracted pharmacy benefit manager to prohibit, a pharmacist from dispensing preexposure *prophylaxis* or *postexposure* prophylaxis.
- (c) A health insurer shall cover preexposure prophylaxis or postexposure prophylaxis that has been furnished by a pharmacist, as authorized in Section 4052.02 Sections 4052.02 and 4052.03 of the Business and Professions Code, including the pharmacist's services and related testing ordered by the pharmacist. A health insurer shall pay or reimburse, consistent with the requirements of this chapter, for the service performed by a pharmacist at an in-network pharmacy or a pharmacist at an out-of-network pharmacy if the health insurer has an out-of-network pharmacy benefit.
- (d) This section does not require a health insurer to cover preexposure prophylaxis or postexposure prophylaxis by a pharmacist at an out-of-network pharmacy, unless in the case of an emergency or if the health insurance policy has an out-of-network pharmacy benefit.
- (e) (1) A nongrandfathered health insurance policy shall provide coverage, and shall not impose any cost-sharing or utilization review requirements, for antiretroviral drugs, drug devices, or drug products that are either approved by the FDA or recommended by the CDC for the prevention of HIV/AIDS, including preexposure prophylaxis.
- (2) A health insurance policy that is a grandfathered health plan shall provide coverage, and shall not impose any cost-sharing or utilization review requirements, for antiretroviral drugs, drug devices, or drug products that are either approved by the FDA or recommended by the CDC for the prevention of HIV/AIDS, including preexposure prophylaxis.
- (f) In addition to the coverage a health insurer provides for prescription drugs that are not self-administered, a health insurer shall provide coverage under the outpatient prescription drug benefit for antiretroviral drugs, drug devices, or drug products that are either approved by the FDA or recommended by the CDC for the prevention of HIV/AIDS, including by supplying providers

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1 directly with a drug, drug device, or drug product that is required 2 by this section and is not self-administered.

- (g) (1) This section does not apply to a specialized health insurance policy that covers only dental or vision benefits or a Medicare supplement policy.
- (2) This section applies regardless of whether or not an antiretroviral drug, drug device, or drug product is self-administered.
- (h) The department and commissioner may exercise the authority provided by this code and the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340), Chapter 4.5 (commencing with Section 11400), and Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code) to implement and enforce this section. If the commissioner assesses a civil penalty for a violation, any hearing that is requested by the insurer may be conducted by an administrative law judge of the administrative hearing bureau of the department under the formal procedure of Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. This subdivision does not impair or restrict the commissioner's authority pursuant to another provision of this code or the Administrative Procedure Act.
- (i) A health insurance policy that is a high deductible health plan under the definition set forth in Section 223(c)(2) of Title 26 of the United States Code shall comply with the cost-sharing requirements of this section. However, if not applying the minimum annual deductible to an antiretroviral drug, drug device, or drug product would conflict with federal requirements for high deductible health plans, the cost-sharing limits shall apply once a policy's deductible has been satisfied for the plan year.
  - (j) This section shall become operative on January 1, 2027. SEC. 5.
- SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIIIB of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within

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- the meaning of Section 6 of Article XIII B of the California Constitution.