

Bill Summary



Assembly Bill (AB) 554 would require coverage of FDA-approved or CDC-recommended **antiretroviral** drugs, products, and devices for the **prevention of HIV/AIDS**, with no cost sharing, prior authorization, step therapy, or utilization review requirements.



Insurance Subject to the Mandate

Of the 22.2 million Californians enrolled in state-regulated health insurance, **9.2 million** would have insurance subject to AB 554 in **Year 1**, and an **additional 4.4 million** in **Year 2**:

- CDI and DMHC-regulated** (Commercial & CalPERS)
- Federally-regulated or Medi-Cal**

Benefit Coverage and Unit Cost

Baseline coverage for ARV drugs without cost sharing:



63,155 enrollees use ARV drugs at baseline

Average annual costs for each enrollee using ARV drugs with cost sharing at baseline

Cost of ARV regimen	\$19,318
Cost sharing	\$1,273

AIDS: Acquired Immunodeficiency Syndrome

ARV: antiretroviral

CHBRP: California Health Benefits Review Program

CDC: Centers for Disease Control and Prevention

CDI: California Department of Insurance

FDA: U.S. Food and Drug Administration

DMHC: Department of Managed Health Care

HIV: Human Immunodeficiency Virus

PEP: postexposure prophylaxis

PrEP: preexposure prophylaxis

Context



ARV therapy is the use of HIV medicines - which are widely accepted as effective - to treat and prevent HIV, a virus that attacks the body's white blood cells. With proper ARV drug use, it possible to reduce HIV to undetectable levels, prevent progression of HIV to AIDS, and prevent HIV transmission to the HIV-negative population.

Strategies for Prevention of HIV/AIDS

Treatment as Prevention

- For HIV+ population
- If HIV viral load is undetectable, then it is untransmittable to HIV- population

PrEP and PEP

- For HIV- population
- Helps to protect either prior to or after potential exposure

Cost Impacts

Postmandate, CHBRP estimates AB 554 has the following cost impacts:

Year 1

Only large-group market subject to mandate

↑ \$73.6 million Total premiums

+ ↓ \$43 million Cost sharing

↑ \$30.5 million Net annual expenditures

Year 2



- Mandate extended to small-group and individual markets



- New PrEP drug likely available on market, leading to increased ARV drug utilization



- Estimated total premium impact of \$136 million increase from baseline

Public Health Impacts

In Year 1, CHBRP estimates an additional **25,079** enrollees would use ARV drugs without cost sharing.

In the long-term, **additional use of, and adherence to, ARV drugs will prevent HIV-related morbidity and mortality.** Prevention of HIV infection and later AIDS-related diseases may have a marginal impact on premiums, but the size cannot be quantified. In addition, **non-cost barriers** such as stigma and lack of awareness inhibit utilization.