

## Assembly Bill 554 (2025) Antiretroviral Drugs, Drug Devices, and Drug Products Analysis at a Glance

as amended on March 3, 2025

## **Bill Summary**





Assembly Bill (AB) 554 would require coverage of FDAapproved 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**

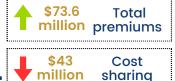
- For HIV- population
- Helps to protect either prior to or after potential exposure

## **Cost Impacts**

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

#### Year 1

Only large-group market subject to mandate





\$30.5 Net annual million 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.