

**ASSEMBLY BILL**

**No. 554**

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**Introduced by Assembly Member Mark González**

February 11, 2025

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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 introduced, 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.

This bill 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, 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 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 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. Section 1342.74 of the Health and Safety Code  
2 is amended to read:

3 1342.74. (a) (1) Notwithstanding Section 1342.71, a health  
4 care service plan shall not subject antiretroviral ~~drugs~~ *drugs, drug*  
5 *devices, or drug products* that are ~~medically necessary~~ *either*  
6 *approved by the United States Food and Drug Administration*  
7 *(FDA) or recommended by the federal Centers for Disease Control*  
8 *and Prevention (CDC) for the prevention of AIDS/HIV, HIV/AIDS,*  
9 *including preexposure prophylaxis or postexposure prophylaxis,*  
10 *to prior authorization or step therapy, except as provided in*  
11 *paragraph (2).*

12 (2) If the ~~United States Food and Drug Administration~~ *FDA* has  
13 approved one or more therapeutic equivalents of a drug, *drug*  
14 *device, or drug product* for the prevention of ~~AIDS/HIV,~~  
15 *HIV/AIDS,* this section does not require a health care service plan  
16 to cover all of the therapeutically equivalent versions without prior  
17 authorization or step therapy, if at least one therapeutically  
18 equivalent version is covered without prior authorization or step  
19 ~~therapy.~~ *therapy and the plan provides coverage for a noncovered*  
20 *therapeutic equivalent antiretroviral drug, drug device, or drug*  
21 *product without cost sharing pursuant to an exception request.*

22 (b) Notwithstanding any other law, a health care service plan  
23 shall not prohibit, or permit a delegated pharmacy benefit manager  
24 to prohibit, a pharmacy provider from dispensing preexposure  
25 ~~prophylaxis or postexposure prophylaxis.~~

26 (c) A health care service plan shall cover preexposure  
27 ~~prophylaxis and postexposure prophylaxis~~ that has been furnished  
28 by a pharmacist, as authorized in ~~Sections 4052.02 and 4052.03~~  
29 *Section 4052.02* of the Business and Professions Code, including  
30 the pharmacist's services and related testing ordered by the

1 pharmacist. A health care service plan shall pay or reimburse,  
2 consistent with the requirements of this chapter, for the service  
3 performed by a pharmacist at an in-network pharmacy or a  
4 pharmacist at an out-of-network pharmacy if the health care service  
5 plan has an out-of-network pharmacy benefit.

6 (d) This section does not require a health care service plan to  
7 cover preexposure prophylaxis ~~or postexposure prophylaxis~~ by a  
8 pharmacist at an out-of-network pharmacy, unless *in the case of*  
9 *an emergency or if the* health care service plan has an  
10 out-of-network pharmacy benefit.

11 (e) (1) *A nongrandfathered health care service plan contract*  
12 *shall provide coverage, and shall not impose any cost-sharing or*  
13 *utilization review requirements, for antiretroviral drugs, drug*  
14 *devices, or drug products that are either approved by the FDA or*  
15 *recommended by the CDC for the prevention of HIV/AIDS,*  
16 *including preexposure prophylaxis.*

17 (2) *A health care service plan contract that is a grandfathered*  
18 *health plan shall provide coverage, and shall not impose any*  
19 *cost-sharing or utilization review requirements, for antiretroviral*  
20 *drugs, drug devices, or drug products that are either approved by*  
21 *the FDA or recommended by the CDC for the prevention of*  
22 *HIV/AIDS, including preexposure prophylaxis.*

23 (3) *This subdivision does not apply to individual and small*  
24 *group health care service plan contracts.*

25 (f) *In addition to the coverage a health care service plan*  
26 *provides for prescription drugs that are not self-administered, a*  
27 *health care service plan shall provide coverage under the*  
28 *outpatient prescription drug benefit for antiretroviral drugs, drug*  
29 *devices, or drug products that are either approved by the FDA or*  
30 *recommended by the CDC for the prevention of HIV/AIDS,*  
31 *including by supplying providers directly with a drug, drug device,*  
32 *or drug product that is required by this section and is not*  
33 *self-administered.*

34 (g) (1) *This section does not apply to a specialized health care*  
35 *service plan contract that covers only dental or vision benefits or*  
36 *a Medicare supplement contract.*

37 (2) *This section applies regardless of whether or not an*  
38 *antiretroviral drug, drug device, or drug product is*  
39 *self-administered.*

40 (e)

1 (3) This section shall not apply to Medi-Cal managed care plans  
2 contracting with the State Department of Health Care Services  
3 pursuant to Chapter 7 (commencing with Section 14000), Chapter  
4 8 (commencing with Section 14200), or Chapter 8.75 (commencing  
5 with Section 14590) of Part 3 of Division 9 of the Welfare and  
6 Institutions Code, to the extent that the services described in this  
7 section are excluded from coverage under the contract between  
8 the Medi-Cal managed care plans and the State Department of  
9 Health Care Services.

10 (h) *A health care service plan contract that is a high deductible*  
11 *health plan under the definition set forth in Section 223(c)(2) of*  
12 *Title 26 of the United States Code shall comply with the*  
13 *cost-sharing requirements of this section. However, if not applying*  
14 *the minimum annual deductible to an antiretroviral drug, drug*  
15 *device, or drug product would conflict with federal requirements*  
16 *for high deductible health plans, the cost-sharing limits shall apply*  
17 *once a contract's deductible has been satisfied for the plan year.*

18 (i) *This section shall remain in effect only until January 1, 2027,*  
19 *and as of that date is repealed.*

20 SEC. 2. Section 1342.74 is added to the Health and Safety  
21 Code, to read:

22 1342.74. (a) (1) Notwithstanding Section 1342.71, a health  
23 care service plan shall not subject antiretroviral drugs, drug devices,  
24 or drug products that are either approved by the United States Food  
25 and Drug Administration (FDA) or recommended by the federal  
26 Centers for Disease Control and Prevention (CDC) for the  
27 prevention of HIV/AIDS, including preexposure prophylaxis, to  
28 prior authorization or step therapy, except as provided in paragraph  
29 (2).

30 (2) If the FDA has approved one or more therapeutic equivalents  
31 of a drug, drug device, or drug product for the prevention of  
32 HIV/AIDS, this section does not require a health care service plan  
33 to cover all of the therapeutically equivalent versions without prior  
34 authorization or step therapy, if at least one therapeutically  
35 equivalent version is covered without prior authorization or step  
36 therapy and the plan provides coverage for a noncovered  
37 therapeutic equivalent antiretroviral drug, drug device, or drug  
38 product without cost sharing pursuant to an exception request.

39 (b) Notwithstanding any other law, a health care service plan  
40 shall not prohibit, or permit a delegated pharmacy benefit manager

1 to prohibit, a pharmacy provider from dispensing preexposure  
2 prophylaxis.

3 (c) A health care service plan shall cover preexposure  
4 prophylaxis that has been furnished by a pharmacist, as authorized  
5 in Section 4052.02 of the Business and Professions Code, including  
6 the pharmacist's services and related testing ordered by the  
7 pharmacist. A health care service plan shall pay or reimburse,  
8 consistent with the requirements of this chapter, for the service  
9 performed by a pharmacist at an in-network pharmacy or a  
10 pharmacist at an out-of-network pharmacy if the health care service  
11 plan has an out-of-network pharmacy benefit.

12 (d) This section does not require a health care service plan to  
13 cover preexposure prophylaxis by a pharmacist at an  
14 out-of-network pharmacy, unless in the case of an emergency or  
15 if the health care service plan has an out-of-network pharmacy  
16 benefit.

17 (e) (1) A nongrandfathered health care service plan contract  
18 shall provide coverage, and shall not impose any cost-sharing or  
19 utilization review requirements, for antiretroviral drugs, drug  
20 devices, or drug products that are either approved by the FDA or  
21 recommended by the CDC for the prevention of HIV/AIDS,  
22 including preexposure prophylaxis.

23 (2) A health care service plan contract that is a grandfathered  
24 health plan shall provide coverage, and shall not impose any  
25 cost-sharing or utilization review requirements, for antiretroviral  
26 drugs, drug devices, or drug products that are either approved by  
27 the FDA or recommended by the CDC for the prevention of  
28 HIV/AIDS, including preexposure prophylaxis.

29 (f) In addition to the coverage a health care service plan provides  
30 for prescription drugs that are not self-administered, a health care  
31 service plan shall provide coverage under the outpatient  
32 prescription drug benefit for antiretroviral drugs, drug devices, or  
33 drug products that are either approved by the FDA or recommended  
34 by the CDC for the prevention of HIV/AIDS, including by  
35 supplying providers directly with a drug, drug device, or drug  
36 product that is required by this section and is not self-administered.

37 (g) (1) This section does not apply to a specialized health care  
38 service plan contract that covers only dental or vision benefits or  
39 a Medicare supplement contract.

1 (2) This section applies regardless of whether or not an  
2 antiretroviral drug, drug device, or drug product is  
3 self-administered.

4 (3) This section shall not apply to Medi-Cal managed care plans  
5 contracting with the State Department of Health Care Services  
6 pursuant to Chapter 7 (commencing with Section 14000), Chapter  
7 8 (commencing with Section 14200), or Chapter 8.75 (commencing  
8 with Section 14590) of Part 3 of Division 9 of the Welfare and  
9 Institutions Code, to the extent that the services described in this  
10 section are excluded from coverage under the contract between  
11 the Medi-Cal managed care plans and the State Department of  
12 Health Care Services.

13 (h) A health care service plan contract that is a high deductible  
14 health plan under the definition set forth in Section 223(c)(2) of  
15 Title 26 of the United States Code shall comply with the  
16 cost-sharing requirements of this section. However, if not applying  
17 the minimum annual deductible to an antiretroviral drug, drug  
18 device, or drug product would conflict with federal requirements  
19 for high deductible health plans, the cost-sharing limits shall apply  
20 once a contract's deductible has been satisfied for the plan year.

21 (i) This section shall become operative on January 1, 2027.

22 SEC. 3. Section 10123.1933 of the Insurance Code is amended  
23 to read:

24 10123.1933. (a) (1) Notwithstanding Section 10123.201, a  
25 health insurer shall not subject antiretroviral ~~drugs~~ *drugs, drug*  
26 *devices, or drug products* that are ~~medically necessary~~ *either*  
27 *approved by the United States Food and Drug Administration*  
28 *(FDA) or recommended by the federal Centers for Disease Control*  
29 *and Prevention (CDC) for the prevention of AIDS/HIV, HIV/AIDS,*  
30 *including preexposure prophylaxis or postexposure prophylaxis,*  
31 *to prior authorization or step therapy, except as provided in*  
32 *paragraph (2).*

33 (2) If the ~~United States Food and Drug Administration~~ *FDA* has  
34 approved one or more therapeutic equivalents of a drug, *drug*  
35 *device, or drug product* for the prevention of ~~AIDS/HIV,~~  
36 *HIV/AIDS*, this section does not require a health insurer to cover  
37 all of the therapeutically equivalent versions without prior  
38 authorization or step therapy, if at least one therapeutically  
39 equivalent version is covered without prior authorization or step  
40 ~~therapy.~~ *therapy and the insurer provides coverage for a*

1 *noncovered therapeutic equivalent antiretroviral drug, drug device,*  
2 *or drug product without cost sharing pursuant to an exception*  
3 *request.*

4 (b) Notwithstanding any other law, a health insurer shall not  
5 prohibit, or permit a contracted pharmacy benefit manager to  
6 prohibit, a pharmacist from dispensing preexposure prophylaxis  
7 or postexposure prophylaxis.

8 (c) A health insurer shall cover preexposure prophylaxis and  
9 postexposure prophylaxis that has been furnished by a pharmacist,  
10 as authorized in ~~Sections 4052.02 and 4052.03~~ *Section 4052.02*  
11 *of the Business and Professions Code, including the pharmacist's*  
12 *services and related testing ordered by the pharmacist. A health*  
13 *insurer shall pay or reimburse, consistent with the requirements*  
14 *of this chapter, for the service performed by a pharmacist at an*  
15 *in-network pharmacy or a pharmacist at an out-of-network*  
16 *pharmacy if the health insurer has an out-of-network pharmacy*  
17 *benefit.*

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

22 (e) (1) *A nongrandfathered health insurance policy shall*  
23 *provide coverage, and shall not impose any cost-sharing or*  
24 *utilization review requirements, for antiretroviral drugs, drug*  
25 *devices, or drug products that are either approved by the FDA or*  
26 *recommended by the CDC for the prevention of HIV/AIDS,*  
27 *including preexposure prophylaxis.*

28 (2) *A health insurance policy that is a grandfathered health*  
29 *plan shall provide coverage, and shall not impose any cost-sharing*  
30 *or utilization review requirements, for antiretroviral drugs, drug*  
31 *devices, or drug products that are either approved by the FDA or*  
32 *recommended by the CDC for the prevention of HIV/AIDS,*  
33 *including preexposure prophylaxis.*

34 (3) *This subdivision does not apply to individual and small*  
35 *group health insurance policies.*

36 (f) *In addition to the coverage a health insurer provides for*  
37 *prescription drugs that are not self-administered, a health insurer*  
38 *shall provide coverage under the outpatient prescription drug*  
39 *benefit for antiretroviral drugs, drug devices, or drug products*  
40 *that are either approved by the FDA or recommended by the CDC*

1 *for the prevention of HIV/AIDS, including by supplying providers*  
2 *directly with a drug, drug device, or drug product that is required*  
3 *by this section and is not self-administered.*

4 *(g) (1) This section does not apply to a specialized health*  
5 *insurance policy that covers only dental or vision benefits or a*  
6 *Medicare supplement policy.*

7 *(2) This section applies regardless of whether or not an*  
8 *antiretroviral drug, drug device, or drug product is*  
9 *self-administered.*

10 *(h) The department and commissioner may exercise the authority*  
11 *provided by this code and the Administrative Procedure Act*  
12 *(Chapter 3.5 (commencing with Section 11340), Chapter 4.5*  
13 *(commencing with Section 11400), and Chapter 5 (commencing*  
14 *with Section 11500) of Part 1 of Division 3 of Title 2 of the*  
15 *Government Code) to implement and enforce this section. If the*  
16 *commissioner assesses a civil penalty for a violation, any hearing*  
17 *that is requested by the insurer may be conducted by an*  
18 *administrative law judge of the administrative hearing bureau of*  
19 *the department under the formal procedure of Chapter 5*  
20 *(commencing with Section 11500) of Part 1 of Division 3 of Title*  
21 *2 of the Government Code. This subdivision does not impair or*  
22 *restrict the commissioner's authority pursuant to another provision*  
23 *of this code or the Administrative Procedure Act.*

24 *(i) A health insurance policy that is a high deductible health*  
25 *plan under the definition set forth in Section 223(c)(2) of Title 26*  
26 *of the United States Code shall comply with the cost-sharing*  
27 *requirements of this section. However, if not applying the minimum*  
28 *annual deductible to an antiretroviral drug, drug device, or drug*  
29 *product would conflict with federal requirements for high*  
30 *deductible health plans, the cost-sharing limits shall apply once*  
31 *a policy's deductible has been satisfied for the plan year.*

32 *(j) This section shall remain in effect only until January 1, 2027,*  
33 *and as of that date is repealed.*

34 SEC. 4. Section 10123.1933 is added to the Insurance Code,  
35 to read:

36 10123.1933. (a) (1) Notwithstanding Section 10123.201, a  
37 health insurer shall not subject antiretroviral drugs, drug devices,  
38 or drug products that are either approved by the United States Food  
39 and Drug Administration (FDA) or recommended by the federal  
40 Centers for Disease Control and Prevention (CDC) for the

1 prevention of HIV/AIDS, including preexposure prophylaxis, to  
2 prior authorization or step therapy, except as provided in paragraph  
3 (2).

4 (2) If the FDA has approved one or more therapeutic equivalents  
5 of a drug, drug device, or drug product for the prevention of  
6 HIV/AIDS, this section does not require a health insurer to cover  
7 all of the therapeutically equivalent versions without prior  
8 authorization or step therapy, if at least one therapeutically  
9 equivalent version is covered without prior authorization or step  
10 therapy and the insurer provides coverage for a noncovered  
11 therapeutic equivalent antiretroviral drug, drug device, or drug  
12 product without cost sharing pursuant to an exception request.

13 (b) Notwithstanding any other law, a health insurer shall not  
14 prohibit, or permit a contracted pharmacy benefit manager to  
15 prohibit, a pharmacist from dispensing preexposure prophylaxis.

16 (c) A health insurer shall cover preexposure prophylaxis that  
17 has been furnished by a pharmacist, as authorized in Section  
18 4052.02 of the Business and Professions Code, including the  
19 pharmacist's services and related testing ordered by the pharmacist.  
20 A health insurer shall pay or reimburse, consistent with the  
21 requirements of this chapter, for the service performed by a  
22 pharmacist at an in-network pharmacy or a pharmacist at an  
23 out-of-network pharmacy if the health insurer has an  
24 out-of-network pharmacy benefit.

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

29 (e) (1) A nongrandfathered health insurance policy shall provide  
30 coverage, and shall not impose any cost-sharing or utilization  
31 review requirements, for antiretroviral drugs, drug devices, or drug  
32 products that are either approved by the FDA or recommended by  
33 the CDC for the prevention of HIV/AIDS, including preexposure  
34 prophylaxis.

35 (2) A health insurance policy that is a grandfathered health plan  
36 shall provide coverage, and shall not impose any cost-sharing or  
37 utilization review requirements, for antiretroviral drugs, drug  
38 devices, or drug products that are either approved by the FDA or  
39 recommended by the CDC for the prevention of HIV/AIDS,  
40 including preexposure prophylaxis.

1 (f) In addition to the coverage a health insurer provides for  
2 prescription drugs that are not self-administered, a health insurer  
3 shall provide coverage under the outpatient prescription drug  
4 benefit for antiretroviral drugs, drug devices, or drug products that  
5 are either approved by the FDA or recommended by the CDC for  
6 the prevention of HIV/AIDS, including by supplying providers  
7 directly with a drug, drug device, or drug product that is required  
8 by this section and is not self-administered.

9 (g) (1) This section does not apply to a specialized health  
10 insurance policy that covers only dental or vision benefits or a  
11 Medicare supplement policy.

12 (2) This section applies regardless of whether or not an  
13 antiretroviral drug, drug device, or drug product is  
14 self-administered.

15 (h) The department and commissioner may exercise the authority  
16 provided by this code and the Administrative Procedure Act  
17 (Chapter 3.5 (commencing with Section 11340), Chapter 4.5  
18 (commencing with Section 11400), and Chapter 5 (commencing  
19 with Section 11500) of Part 1 of Division 3 of Title 2 of the  
20 Government Code) to implement and enforce this section. If the  
21 commissioner assesses a civil penalty for a violation, any hearing  
22 that is requested by the insurer may be conducted by an  
23 administrative law judge of the administrative hearing bureau of  
24 the department under the formal procedure of Chapter 5  
25 (commencing with Section 11500) of Part 1 of Division 3 of Title  
26 2 of the Government Code. This subdivision does not impair or  
27 restrict the commissioner's authority pursuant to another provision  
28 of this code or the Administrative Procedure Act.

29 (i) A health insurance policy that is a high deductible health  
30 plan under the definition set forth in Section 223(c)(2) of Title 26  
31 of the United States Code shall comply with the cost-sharing  
32 requirements of this section. However, if not applying the minimum  
33 annual deductible to an antiretroviral drug, drug device, or drug  
34 product would conflict with federal requirements for high  
35 deductible health plans, the cost-sharing limits shall apply once a  
36 policy's deductible has been satisfied for the plan year.

37 (j) This section shall become operative on January 1, 2027.

38 SEC. 5. No reimbursement is required by this act pursuant to  
39 Section 6 of Article XIII B of the California Constitution because  
40 the only costs that may be incurred by a local agency or school

1 district will be incurred because this act creates a new crime or  
2 infraction, eliminates a crime or infraction, or changes the penalty  
3 for a crime or infraction, within the meaning of Section 17556 of  
4 the Government Code, or changes the definition of a crime within  
5 the meaning of Section 6 of Article XIII B of the California  
6 Constitution.

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