Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
AB 1887 (Zbur) – As Amended March 26, 2026

Policy Committee:	Health	Vote:	15 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill prohibits a health care service plan or health insurance policy from imposing prior authorization (PA), step therapy, or any other utilization review for a federal Food and Drug Administration (FDA)-approved drug indicated for the treatment of a rare disease if the drug is prescribed by a specialist who has appropriate expertise and has determined the drug is medically necessary, unless a generic, biosimilar, or interchangeable biologic is available.

This bill defines, for purposes of this bill, "rare disease" to mean a disease that affects fewer than 200,000 people in the U.S. The bill does not apply to Medi-Cal managed care contracts.

FISCAL EFFECT:

The California Health Benefits Review Program (CHBRP) estimates premiums for health plans regulated by the Department of Managed Health Care (DMHC) and offered in the California Public Employees Retirement System (CalPERS) would increase by $7.36 million per year, of which the state's share is about $3.4 million (General Fund). Premiums would also rise for Department of Insurance (CDI)-regulated health insurance policies, the state's share of which would likely be in the low millions of dollars (General Fund).

The Legislative Analyst's Office recently warned of General Fund structural deficits of around $35 billion per year in fiscal year (FY) 2027-28 and ongoing.

CDI estimates costs of $12,000 in FY 2026-27, $26,000 in FY 2027-28, and $3,000 in FY 2028-29 and ongoing (Insurance Fund).

DMHC anticipates minor and absorbable costs.

CHBRP estimates this bill will increase total premiums for all payers by $147.8 million, including $88.7 million for employers, $25.2 million for employees in employer-sponsored insurance, and $26.6 million for individually purchased insurance.

COMMENTS:

1) **Purpose.** This bill is sponsored by the California Chronic Care Coalition. According to the author:

> Families living with rare diseases in California often spend years searching for a diagnosis and an effective treatment, only to be forced

> to “fail first” on less appropriate therapies or wait weeks or months for prior authorization from their health plan before they can start the one FDA-approved drug that can slow or stop their condition. These insurer-imposed delays are unnecessary when a specialist has prescribed an FDA-approved therapy based on medical necessity, and in some cases they are reckless and life-threatening.
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> [This bill] removes these barriers by prohibiting prior authorization, step therapy, and other utilization review for FDA-approved medications used to treat rare diseases, unless there is a generic or biosimilar alternative, thereby restoring treatment decisions to patients and their doctors. California is a global leader in rare disease research and innovation; this bill ensures that the people who rely on these breakthroughs can access them without bureaucratic obstacles, improving health outcomes and quality of life for some of our most vulnerable residents.
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> [This bill]…prohibits prior authorization and step therapy only when no generic or biosimilar alternative exists. This appropriately recognizes that step therapy has no medical or economic justification when there is only one FDA-approved treatment option.

2) **Background.** ***Rare Diseases.*** According to the National Institutes of Health and the Orphan Drug Act, rare diseases are those that affect fewer than 200,000 people in the U.S. Rare diseases are often chronic, serious, and progressive diseases that are life-threatening or life-limiting. Signs of rare diseases are often present at birth or in childhood, although some do not appear until adulthood. Approximately 80% of rare diseases are caused by genetic mutations and may be inherited but can also be new mutations. Rare diseases may also be caused by infections or environmental factors. Based on national estimates, one in 10, or close to four million Californians, are living with a rare disease. Only 5% of the 5,000 to 10,000 rare diseases have FDA-approved drugs indicated for their treatment. The average time to receive a correct diagnosis of a rare disease is four to five years.

   PA and Rare Diseases. CHBRP found that PA is the only commonly used form of utilization management (UM) applied to rare diseases. CHBRP estimates PA leads to an average delay of 60 days for access to new prescriptions for individuals with rare diseases starting an FDA-approved drug. Unlike other studies reviewed, which examined UM delays in more common conditions over shorter timeframes, rare disease PA processes are typically more burdensome, often requiring detailed diagnostic documentation, genetic testing results, and specialist attestation, justifying a longer timeline than observed for other treatments.

   According to CHRBP, this bill will not change the number of people with rare diseases who receive treatment, nor will this bill produce measurable public health effects at the population level. However, this bill could yield health and quality-of-life improvements at the individual level, such as faster access to medications, potential reductions in less effective health care utilization while awaiting PA for medications, and reduced stress and administrative burden for patients, their families, and their clinicians.

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