SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1887 (Zbur) - Prescription drug coverage for rare diseases

Version: July 2, 2026
Urgency: No
Hearing Date: August 3, 2026
Policy Vote: HEALTH 10 - 0
Mandate: Yes
Consultant: Agnes Lee

Bill Summary: AB 1887 would require health plans and insurers to complete prior authorization within 30 days upon initial request for a prescription drug for the treatment of a rare disease, as specified.

Fiscal Impact:

- The Department of Managed Health Care (DMHC) anticipates minor and absorbable costs for state administration.
- The California Department of Insurance (CDI) estimates costs of $12,000 in 2026-27, $26,000 in 2027-28, and $3,000 in 2028-29 and ongoing thereafter for state administration (Insurance Fund).
- Unknown ongoing General Fund costs, potentially low millions, due to increases in CalPERS plan premiums.

Background:

Rare Diseases. According to the National Human Genome Research Institute (NHGRI), and as defined in the federal Food, Drug, and Cosmetic Act, rare diseases are those that affect fewer than 200,000 people in the U.S. There are over 7,000 rare diseases, according to the California Center for Rare Diseases at UCLA. Rare diseases are often chronic, serious, and progressive in nature and can be life-threatening or life-limiting, including diseases like cystic fibrosis, Huntington's disease, Duchenne muscular dystrophy, phenylketonuria, and sickle cell disease. According to the NHGRI, about 80 percent of rare diseases are genetic, some of which can be identified early in California through the California Newborn Screening Program. According to the Rare Diseases Clinical Research Network, symptoms may not immediately appear even in diseases present from birth, and in some diseases, environmental factors may play a larger role.

Health Coverage Prior Authorization. According to the California Health Benefits Review Program (CHBRP), prior authorization is the utilization management technique that is commonly used by health plans/insurers for treatments for rare diseases. The CHBRP finds that utilization management leads to a 60-day delay in access to all new prescriptions for individuals with rare diseases starting a U. S. Food and Drug Administration (FDA)-approved drug. The 60-day delay estimate reflects clinical expert opinion from a specialist in rare metabolic diseases with extensive experience managing utilization management requirements for this patient population. The CHBRP indicates that rare disease prior authorization processes are typically more

burdensome, often requiring detailed diagnostic documentation, genetic testing results, and specialist attestation.

Proposed Law: Specific provisions of the bill would:

- Require health plans and insurers to complete prior authorization within 30 days upon initial request for a prescription drug approved by the FDA that is approved for the treatment of a rare disease if the drug is prescribed by a specialist with expertise in the condition or disease being treated and the specialist has determined the drug is medically necessary.

- Require that prior authorization be immediately approved under either of the following conditions:

    - A decision approving or denying prior authorization has not been made by the end of the 30-day period.

    - A dispute between the plan/insurer and provider or enrollee/insured regarding the prior authorization is ongoing at the end of the 30-day period.

- Exempt Medi-Cal managed care contracts with the Department of Health Care Services.

Staff Comments: According to the CHBRP analysis of an earlier version of this bill, AB 1887 would increase total plan premiums by $148 million, which includes an increase in CalPERS plan premiums of $7,360,000. The current version of AB 1887 reflects amendments that narrow the provisions in the bill. The CHBRP indicates that the amendments decrease the bill's fiscal impact.

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