

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1970 (Harabedian) – As Amended March 24, 2026

Policy Committee: Health

Vote: 15 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill prohibits a health plan or health insurer, including a Medi-Cal managed care plan, from imposing step therapy as a prerequisite to authorizing coverage of any prescription drug used for the treatment of a serious mental illness (SMI) or substance use disorder (SUD).

The bill includes Medi-Cal managed care plans only to the extent the Department of Health Care Services (DHCS) obtains any necessary federal approvals, and federal financial participation under Medi-Cal is available and not otherwise jeopardized.

FISCAL EFFECT:

- 1) The California Health Benefits Review Program (CHBRP) estimates this bill will increase premiums for Department of Managed Care (DMHC)-regulated health plans in the California Public Employees Retirement System (CalPERS) by \$96,000. The state's share would be about \$50,000 (General Fund). There would also be an increase of an unknown, but likely smaller, amount, to the state's share of premiums for Department of Insurance (CDI)-regulated insurance policies in CalPERS.
- 2) DMHC anticipates minor and absorbable costs.
- 3) CDI estimates costs of \$11,000 in fiscal year (FY) 2026-27 and \$23,000 in FY 2027-28 for policy form reviews and corresponding prescription drug formularies (Insurance Fund).
- 4) DHCS anticipates negligible costs to the Medi-Cal program.

COMMENTS:

- 1) **Purpose.** This bill is sponsored by the California Behavioral Health Association (CBHA). According to the author:

People living with serious mental illness and substance use disorders should not have to “fail first” on medications that may not work before receiving the treatment their doctor recommends. Step therapy policies can delay access to effective care, putting patients at risk of relapse, hospitalization, homelessness, or involvement with the criminal justice system. For individuals already navigating instability, even short delays in treatment can have devastating consequences. AB 1970 puts doctors in charge of treatment, not insurers. This bill removes

unnecessary barriers so patients can access the medications they need to stabilize, recover, and stay connected to care and their communities.

- 2) **Background.** SMI is defined as a diagnosable mental, behavioral, or emotional disorder in a person aged 18 years or older that substantially interferes with their life and ability to function. California code states that SMI includes but is not limited to diagnoses of schizophrenia, bipolar disorder, post-traumatic stress disorder, and major affective disorders or other severely disabling mental disorders. This bill defines SUD as a substance-related and addictive disorder, as defined in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders.

A 2022 publication from the California Health Care Foundation reported that substance use in California is widespread, with over half of Californians over age 12 reporting using alcohol in the past month and 20% reporting marijuana use in the past year. According to the report, 9% of Californians met the criteria for a SUD within the last year. In addition, overdose deaths from both opioids and psychostimulants, such as amphetamines, are soaring. In addition, fentanyl-related deaths increased 10-fold between 2015 and 2019.

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