

GOVERNOR'S VETO
AB 554 (Mark González and Haney)
As Enrolled September 12, 2025
2/3 vote

SUMMARY

Requires a nongrandfathered health plan contract or health insurance policy to provide coverage, without any cost-sharing, for antiretroviral (ARV) drugs, devices, or products that are approved by the United States Food and Drug Administration (FDA) for the preexposure prophylaxis (PrEP). Prohibits a health plan or health insurer from subjecting ARV drug devices or drug products that are medically necessary for the prevention HIV/AIDS to prior authorization or step therapy, but authorizes prior authorization or step therapy if at least one therapeutically equivalent version is covered without prior authorization or step therapy. Prohibits a health plan or insurer from imposing cost sharing on a nonformulary ARV drug, drug device, or drug product covered pursuant to an exception request if the nonformulary ARV drug, drug device, or drug product is therapeutically equivalent to a formulary ARV drug, drug device, or drug product that is covered by the health plan or insurer without cost sharing.

Senate Amendments

- 1) Delete the provisions in the Assembly-approved version of this bill prohibiting grandfathered health plans and health insurers from imposing any cost sharing for antiretroviral drugs, drug device or drug products for PrEP.
- 2) Broaden the prohibition in the Assembly-approved version of this bill against a long-acting injectable drug being considered to be therapeutically equivalent to a long-acting injectable drug with a different duration to instead apply this prohibition to a long-acting drug, drug device or drug product with a different duration.
- 3) Delete the prohibition in the Assembly-approved version of this bill against health plans and insurers subjecting ARVs to any other protocol designed to delay treatment, and delete references in the Assembly-approved version of this bill to the Centers for Disease Control.
- 4) Delete provisions in the Assembly-approved version of this bill delaying by one year the operative date of this bill for individual and small group health plans and policies.

Governor's Veto Message

This bill would prohibit nongrandfathered health plans established by the federal Affordable Care Act (ACA) and insurance policies from imposing any cost-sharing for antiretroviral drugs, devices, or drug products that are approved by the federal Food and Drug Administration (FDA) for preexposure prophylaxis (PrEP).

I wholeheartedly support efforts to ensure affordable and accessible prevention and treatment of HIV/AIDS, and I share the author's desire to address politically motivated changes to long-standing preventive services requirements by the current hostile federal administration. This year's budget specifically codified the January 1, 2025 recommendations made by the U.S. Preventive Services Task Force for no-cost preventive services - ensuring the prior federal administration's guidelines are a matter of state law. As a result, the California Department of Public Health now has the explicit authority to modify or supplement these baseline guidelines based on recommendations and guidance from medical and scientific organizations.

However, certain components of this measure raise concerns about affordability. By exceeding the cost-sharing provisions under the ACA, this bill would result in increased costs to health plans, which would then be passed on to consumers. At a time when individuals are facing double-digit rate increases in their health care premiums across the nation, the state must weigh the potential benefits of all new mandates against the comprehensive costs to the entire health care delivery system.

COMMENTS

HIV attacks the body's CD4 and/or T-cells (i.e., a type of white blood cell), which are integral to the body's immune function. If undiagnosed and left untreated, HIV invades and effectively destroys CD4 cells during the virus replication process, leading to opportunistic infections, opportunistic cancers, and death. Without initial treatment and routine adherence to treatment, HIV typically progresses through three stages of disease: acute HIV infection; chronic HIV infection; and AIDS. There is no cure for HIV/AIDS; however, with routine care and proper treatment, HIV-related morbidity and mortality can be prevented through ARV therapy.

Preventing the transmission of HIV to the HIV-negative population has been the focus of a concerted U.S. public health effort for more than 30 years. According to the California Health Benefits Review Program (CHBRP), ARV therapy is the use of HIV medicines — also referred to as an HIV regimen — to treat or prevent HIV. There are more than 30 FDA-approved ARV drugs from eight drug classes that may be used to prevent initial HIV infection (PrEP or PEP) or treat HIV infection, prevent HIV transmission to other people, and prevent progression to AIDS. Given the availability of ARV drugs, it is possible for people living with HIV to achieve a life expectancy similar to that of the general population.

According to the Author

Amid the chaos and attacks on healthcare access from the federal administration, California must take bold steps to safeguard and expand lifesaving HIV prevention. The author states that the HIV epidemic continues to disproportionately affect historically disadvantaged communities, and cost and access remain major barriers to effective treatment. The author argues that this bill ensures that all health insurance policies cover HIV PrEP without cost-sharing, eliminating out-of-pocket costs for one million Californians. Additionally, the author notes that current laws exclude certain FDA-approved long-lasting injectable medications, further limiting patient choice and disproportionately impacting Latino and Black/African American communities, which face the highest rates of new HIV diagnoses. The author continues that by mandating full coverage for safe and effective prevention methods and allowing local clinics to receive reimbursement, this bill protects patient and provider choice while reducing the risk of HIV/AIDS in marginalized communities. The author concludes that California must lead where the federal government fails—ensuring equitable access to HIV prevention for those who need it most.

Arguments in Support

Equality California (EQCA), a co-sponsor of this bill, argues that this bill is a critical step forward in California's ongoing fight to end the HIV epidemic and to ensure equitable access to healthcare for all. EQCA states that this bill strengthens existing state law to prohibit health plans and insurers from requiring prior authorization, step therapy, or other protocols designed to delay access to PrEP and PEP medications approved by the FDA or recommended by the CDC. EQCA continues that this bill ensures all health plans and insurers cover PrEP medications without cost-

sharing or utilization review and clarifies that long-acting injectable drugs with different durations are not therapeutically equivalent. EQCA notes that with potential federal rollbacks to preventive care requirements and a looming U.S. Supreme Court decision threatening the authority of the U.S. Preventive Services Task Force, California must take decisive action to protect and expand access to these crucial HIV prevention tools.

Arguments in Opposition

The California Association of Health Plans and the Association of Life and Health Insurance Companies write with concerns regarding this bill's financial implications on the health care system, specifically the CHBRP estimates that this bill would increase total premiums paid by employers and enrollees by almost \$136 million following full implantation in year two, and enrollees in the Covered California individual market plan would see an increase in premiums of almost \$11 million in year two.

FISCAL COMMENTS

According to the Senate Appropriations Committee:

- 1) Department of Managed Health Care (DMHC) estimates costs of approximately \$55,000 in 2026-27 and \$133,000 in 2027-28 and annually thereafter for state administration (Managed Care Fund).
- 2) California Department of Insurance (CDI) estimates costs of \$13,000 in 2025-26, \$25,000 in 2026-27, and \$2,000 in 2027-28 and ongoing thereafter for state administration (Insurance Fund).
- 3) Unknown potential General Fund costs due to increases in California Public Employees' Retirement System (CalPERS) plan premiums.

VOTES

ASM HEALTH: 14-0-2

YES: Bonta, Addis, Aguiar-Curry, Arambula, Carrillo, Flora, Mark González, Krell, Patel, Patterson, Celeste Rodriguez, Schiavo, Sharp-Collins, Stefani

ABS, ABST OR NV: Chen, Sanchez

ASM APPROPRIATIONS: 11-0-4

YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache

ABS, ABST OR NV: Sanchez, Dixon, Ta, Tangipa

ASSEMBLY FLOOR: 68-1-10

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Davies, Elhawary, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO: DeMaio

ABS, ABST OR NV: Castillo, Chen, Dixon, Ellis, Flora, Hadwick, Lackey, Sanchez, Ta, Tangipa

SENATE FLOOR: 31-0-9

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Dahle, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Alvarado-Gil, Choi, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares

ASSEMBLY FLOOR: 69-1-10

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Davies, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO: DeMaio

ABS, ABST OR NV: Castillo, Chen, Dixon, Flora, Hadwick, Johnson, Lackey, Sanchez, Ta, Tangipa

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