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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair  
2025 - 2026 Regular Session

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### **SB 1023 (Laird) - Health care coverage: antiretroviral drugs, drug devices, and drug products**

**Version:** March 16, 2026  
**Urgency:** No  
**Hearing Date:** April 20, 2026

**Policy Vote:** HEALTH 9 - 0  
**Mandate:** Yes  
**Consultant:** Agnes Lee

**Bill Summary:** SB 1023 would add antiretroviral “drug devices, or drug products” to the existing prohibition on health plans and insurers from requiring prior authorization or step therapy for antiretroviral drugs; and require a health plan or insurer that covers non-self-administered antiretroviral drugs, drug devices, or drug products that are approved for the prevention of HIV/AIDS as a medical benefit to also include those non-self-administered antiretroviral drugs, drug devices, or drug products as an outpatient prescription drug benefit.

#### **Fiscal Impact:**

- The Department of Managed Health Care (DMHC) estimates costs of approximately \$288,000 in 2027-28, and \$276,000 in 2028-29 and annually thereafter for state administration (Managed Care Fund).
- Unknown costs, likely minor, for the California Department of Insurance (CDI) for state administration (Insurance Fund).

**Background:** According to the California Health Benefits Review Program (CHBRP), preexposure prophylaxis (PrEP) and postexposure prophylaxis (PEP) are antiretroviral drugs used by the HIV-negative population to prevent contraction of the virus. PrEP, a long-term regimen, is taken prior to possible HIV exposure to reduce the risk of transmission. PEP is a short-term, daily therapy and is taken after a potential exposure to prevent the risk of transmission. The PEP regimen must be started within 72 hours of suspected HIV exposure and is only taken for 28 days. Antiretroviral drugs are also used to treat HIV infection, prevent HIV transmission to other people, and prevent progression to AIDS.

CHBRP indicates that in general, drugs that are physician-ordered and administered under the supervision of a physician (generally in a hospital, a provider’s office, infusion center, or similar medical facility), along with the hospital stay or office visit, are generally covered through health coverage as a medical benefit. Pharmacy benefits typically cover outpatient prescription drugs by covering prescriptions that are generally filled at a retail pharmacy, a mail-order pharmacy, or a specialty pharmacy. The majority of antiretroviral drugs are covered under the pharmacy benefit. However, long-acting injectable antiretroviral drugs, are typically covered under the medical benefit.

Current law prohibits health plans and insurers from subjecting antiretroviral drugs that are medically necessary for the prevention of AIDS/HIV, including PrEP and PEP, to

prior authorization or step therapy, except that if the United States Food and Drug Administration (FDA) has approved one or more therapeutic equivalents of a drug, device, or product for the prevention of AIDS/HIV, health plans and insurers are not required to cover all of the therapeutically equivalent versions without prior authorization or step therapy, if at least one therapeutically equivalent version is covered without prior authorization or step therapy.

Current law also requires health plans and insurers to cover PrEP and PEP that has been furnished by a pharmacist, as authorized in state law, including the pharmacist's services and related testing ordered by the pharmacist. A health plan or insurer must pay or reimburse for the service performed by a pharmacist at an in-network pharmacy or a pharmacist at an out-of-network pharmacy if the health plan/insurer has an out-of-network pharmacy benefit.

**Proposed Law:** Specific provisions of the bill would:

- Add antiretroviral “drug devices, or drug products” to the existing prohibition on health plans and insurers from requiring prior authorization or step therapy for antiretroviral drugs.
- Require a health plan to cover PrEP or PEP dispensed by a pharmacist at an out-of-network pharmacy in the case of a medical emergency.
- Require a health plan or insurer, that covers non-self-administered antiretroviral drugs, drug devices, or drug products that are approved by the FDA for the prevention of HIV/AIDS as a medical benefit to also include those non-self-administered antiretroviral drugs, drug devices, or drug products that are approved by the FDA for the prevention of HIV/AIDS as an outpatient prescription drug benefit.

**Related Legislation:** AB 554 (M. Gonzalez, 2025) included provisions that were similar to provisions in this bill. AB 554 was vetoed by the Governor.

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