
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 950 (Weber Pierson) - Health care coverage: dementia

Version: April 20, 2026

Urgency: No

Hearing Date: April 27, 2026

Policy Vote: HEALTH 9 - 0

Mandate: Yes

Consultant: Agnes Lee

Bill Summary: SB 950 would require health plans and insurers to cover all medically necessary treatments or medications for the treatment of Alzheimer's disease or other related dementia, as specified.

Fiscal Impact:

- The Department of Managed Health Care (DMHC) anticipates minor and absorbable costs for state administration (Managed Care Fund).
- The California Department of Insurance (CDI) estimates costs of \$11,000 in 2026-27 and \$23,000 in 2027-28 for state administration (Insurance Fund).

Background: According to the California Health Benefits Review Program (CHBRP), medication treatments for Alzheimer's disease include medications that treat symptoms of the disease and disease-modifying medications that aim to slow the rate of disease progression. At this time, disease-modifying medications are only available for patients who meet certain clinical criteria.

California law requires plans and policies to cover all mental health and substance use disorders listed in the most recent edition of either the International Classification of Disease or the Diagnostic and Statistical Manual of Mental Disorders at parity with other medical services. The CHBRP indicates that Alzheimer's disease is recognized in the Diagnostic and Statistical Manual of Mental Disorders under "Dementia of the Alzheimer's Type." Therefore, treatment for Alzheimer's disease is required to be covered at parity with other medical services, although not all medications would need to be included "on formulary," and there is no requirement for plans and policies to cover all therapeutically equivalent medications.

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. Current law requires health plans and insurers that perform utilization review or utilization management functions based on medical necessity requests to comply with specified requirements. Current law permits health plans and insurers to require step therapy and prior authorization for prescription drugs.

Proposed Law: Specific provisions of the bill would:

- Require health plans and insurers to cover all medically necessary treatments or medications, as determined by a health care provider, approved by the United States Food and Drug Administration (FDA) for the treatment of Alzheimer's disease or other related dementia; specify that medically necessary treatments or medications include, but are not limited to, those that reduce clinical decline; provide that medically necessary treatments or medications covered include those administered through a medical benefit, an outpatient prescription drug benefit to the extent the health plan/insurer covers outpatient prescription drugs, or both; and provide that coverage for all medically necessary treatment or medications does not require a health plan/insurer to cover drugs or treatments that are pharmaceutically equivalent drug products if the FDA approves more than one medication or treatment that are pharmaceutically equivalent drug products, unless otherwise required by law.
- Prohibit a health plan or insurer from imposing step therapy protocols as a prerequisite to authorizing coverage of medically necessary treatments or medications approved by the FDA for the treatment of Alzheimer's disease, except as provided.
- Permit health plans and insurers to apply utilization management, including prior authorization, to determine the medical necessity for treatment of Alzheimer's or other medical conditions affecting memory if appropriateness and medical necessity determinations are made in the same manner as those determinations are made for the treatment of any other illness, condition, or disorder covered by the plan/insurer.
- Exempt Medi-Cal managed care plan contracts.

Staff Comments: According to the CHBRP analysis of SB 950 (introduced version), for DMHC-regulated plans and CDI-regulated policies, the bill would increase total premiums paid by employers and enrollees for newly covered benefits by \$660,000. This includes an increase of \$3,000 for CalPERS employer premiums. CHBRP indicates that the long-term cost implications of SB 950 could be substantial as new drugs come to market. Because SB 950 requires coverage of all Alzheimer's-related drugs, new branded drugs that come to market would be covered. However, because health plans and insurers could still use prior authorization requirements that require imaging and could act as a barrier to use, cost increases might be mitigated by strict prior authorization requirements despite the ban on step therapy.

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