

Recapping the 2023 California Legislative Session (Part 2): Healthcare Services and Pharmaceutical Costs

In the last issue of California Legislative Beat, we examined some significant bills from year one of California's 2023-2024 legislative term. Specifically, we focused on legislation that sought to make changes in healthcare competition, consolidation, and system reform. In part 2 of the 2023 session recap, we turn our attention to bills that aimed to tackle healthcare service and pharmaceutical costs, coverage, and price transparency.

Healthcare Costs and Coverage

Californians can expect to be protected from surprising dental or emergency ground medical transportation bills soon. The legislature approved and signed two bills into action that could help protect the pockets of consumers. One will prevent insurance plans from discriminating against dental patients with pre-existing conditions, while the other will prevent ambulance companies from slapping patients with high costs bills or sending them to connections too quickly. While legislative actions to increase transparency failed to pass, it remains to be seen whether prior authorizations from providers for medical services will be limited in the future.

What Passed

- [Dental Benefits and Rate Review \(AB 1048\)](#)

Despite opposition from dental plans, Governor Newsom recently signed a new bill that will prevent dental benefit plans from denying claims based on a patient's preexisting dental conditions and prevents plans from enforcing capricious waiting periods for patients to access full benefits. The bill, which was [sponsored by the California Dental Association](#), will also require California regulatory agencies to review dental plan premiums with the intent of protecting consumers from high or unfounded rates. Overall, the bill hopes to provide greater oversight over dental plans' rate setting processes and achieve fairer benefits reimbursement for consumers and dentists. AB 1048 is set to take effect starting on January 1, 2025.

- [Emergency Ground Medical Transportation \(AB 716\)](#)

In a move to reduce surprise billing and ensure greater transparency, California passed a new law that would provide protections from large surprise ground ambulance bills. AB 716 prohibits any ground ambulance bill beyond the in-network cost-sharing for [consumers with state-regulated plans or](#) greater than the Medi-Cal or Medicare rate for the uninsured. The in-network cost paid will count toward deductibles and out-of-pocket maximums for consumers. Additionally, the new law would prohibit sending the surprise bills to collections for both insured and uninsured patients, while ensuring ambulance providers are reimbursed similarly to their existing local rate-setting processes without pegging consumers with burdensome costs. Ultimately, Californians will now have [more time to address their bills](#) without going through collections.

What Didn't Pass

- [Health Care Coverage: Prior Authorization \(SB 598\)](#)

As proposed by SB 598, health service plans and health insurers could be prevented from requiring health professionals to

complete or obtain authorization for health care services that the plan or insurer regularly approves over 90% of the time within the most recent one-year contracted period. SB 598 sets specific standards for denials, recissions, and appeals of this exception, and could help mitigate lengthy and unnecessary wait times to render services to patients. The move, which is sponsored by the [California Medical Association](#), could ensure patients receive more timely and appropriate care in lieu of lengthy insurance disputes. The bill is currently being [held in committee and under submission](#). It remains to be seen whether this bill could possibly go through in the 2024 legislative session.

- [Medical Group Financial Transparency Act \(AB 616\)](#)

Governor Newsom [vetoed](#) a bill that would have removed public disclosure exemptions for the financial data of medical groups. AB 616 would have publicized data that was already collected by the Department of Managed Health Care (DMHC) and the Office of Health Care Access and Information (HCAI). Assemblymember Freddie Rodriguez stated that disclosure of the data would have increased the transparency of reported information and could have been a step towards [addressing concerns about gaps relating to medical system spending](#). Ultimately, AB 616 could have provided more insights to the public about the specifics of their health care spending, particularly how much was being kept as profit, disbursed to shareholders, and used for non-clinical purposes at medical groups.

Prescription Drug Costs & Coverage

The legislature tackled many issues relating to prescription drug costs and coverage and enacted quite a few proposals over the past year. Generally, Californians can expect to see greater

affordability for prescription drugs while receiving improved access to services from local pharmacies. With new laws that place or maintain restrictions on health insurance plans, the savings may ultimately be passed down to consumers.

What Passed

- [Pharmacist Service Coverage \(AB 317\)](#)

This new law will require health care service plans and disability insurers to [cover and reimburse the cost of services](#) that are rendered by licensed pharmacists at in-network and out-of-network pharmacies. When the law becomes effective, insurance carriers will be required to recognize pharmacists in a [similar manner](#) as physicians, physician assistants, and nurse practitioners. By covering services rendered by pharmacists, patients and consumers could receive broader access to care – particularly in communities that presently have physician shortages – and could create more revenue opportunities for community pharmacists to stay in business and subsequently provide quality care.

- [Prescription Drugs \(AB 948\)](#)

California has continued to enhance its efforts in protecting consumers from high prescription drug prices. Presently, Californian laws prohibit copayments, coinsurance, or any form of cost sharing from exceeding \$250 for an up to 30-day supply of covered, out-patient prescription drugs. While this requirement is already operational, it was initially set to expire on January 1, 2024. With the passage of this new bill, lawmakers have removed the repeal date on this law, thereby extending the requirement indefinitely. This legislation will ensure that consumers can continue to receive their prescription medications without worrying about soaring prices and affordability of the costs.

- [Health Care Coverage: Cancer Treatment \(SB 421\)](#)

Similar to AB 948, this newly enacted bill indefinitely extends the timeline of the current California requirement. Under this new legislation, health plan contracts and health insurance policies will not be allowed to require enrollees to pay more than \$250 for up to a 30-day supply of prescribed orally administered anticancer medications. The prohibition was set to expire on January 1, 2024, but it will now be extended indefinitely under this bill and could have a significant impact on patients with cancer and their families by improving affordability for drugs that are used for cancer treatment.

- [Prescription Drug Pricing \(SB 786\)](#)

Health care providers and pharmacies will continue to be required to provide affordable care and access to low-cost drugs and services for low-income and uninsured populations, while ensuring that providers fully benefit from purchasing discounted drugs. SB 786, [authored by Senator Anthony J. Portantino](#), prohibits a pharmacy benefit manager (PBM) from discriminating against a covered entity or its pharmacy in connection with dispensing a drug subject to federal pricing requirements or preventing a covered entity from retaining the benefit of discounted pricing for those drugs. These savings could be used to improve access to care and lower prescription prices for vulnerable patients. This new legislation has the potential to protect both providers and their patients by preventing for-profit PBMs from overcharging for life saving drugs and will ensure that patients receive the care that they need.

- [Health Care Coverage: Biosimilar Drugs \(SB 621\)](#)

SB 621 requires that health plans are not prohibited from requiring an enrollee or insured to try a biosimilar before providing coverage for the equivalent branded prescription drug,

as provided under existing law, but that the requirement to try biosimilar, generic, and interchangeable drugs does not prohibit or supersede a step therapy exception request. Biosimilars maintain a similar structure and function to reference biologic drugs without meaningful differences but are not considered the same as generic medications since they are not exact replicas of the original drug. SB 621 is predicted to apply [to over 14 million Californian enrollees](#). This bill could greatly impact patients by [improving access to some lower-cost medications](#). Ultimately this bill could result in reduced premiums and access to safer and effective options for patients.

While many bills have become enacted in the 2023 legislative session, it remains to be seen what other changes will come about in 2024, the second half of the legislature's two-year term. Stay tuned to The Source's California Legislative Beat in the new year for the latest legislative action in California.