

# An overview of selected California health care laws

## Enacted in 2023

The following summaries provide highlights of recently enacted California legislation and represent a small portion of the total bills signed into law by Governor Newsom.

All laws are effective January 1, 2024, unless otherwise noted.

Copies of the laws are available at: [leginfo.legislature.ca.gov/](https://leginfo.legislature.ca.gov/)

### **AB 118 – Budget Act of 2023: Health**

This law requires the DMHC (Department of Managed Health Care) to develop standard templates for the disclosure form and evidence of coverage, to include, among other things, standard definitions, benefit descriptions, and any other information that the DMHC determines, consistent with the goals of providing fair disclosures of the provisions of a health plan. The law requires the DMHC to consult with the CDI (California Department of Insurance) and interested stakeholders in developing the standard templates.

The law requires health plans, beginning January 1, 2025, to use the standard templates for any disclosure form or evidence of coverage published or distributed, except as specified. The law authorizes the DMHC to develop standard templates for a schedule of benefits, an explanation of benefits, a cost-sharing summary, or any similar document.

The law authorizes the DMHC to require health plans to use the standard templates, except as specified, and authorizes the DMHC to require health plans to submit forms the health plan created based

on the DMHC's templates for the purpose of compliance review.

### **AB 948 – Prescription Drugs**

Current law requires health plans to cap cost share for EHB (essential health benefits) prescription drugs at \$250 for a 30-day supply or \$500 for a 30-day supply for bronze level plans. Current law limits a health plan's formulary to four tiers and specifies which class of drugs go in which tiers. These provisions, among others, were to sunset on January 1, 2024, but this law removes those sunset dates, thus keeping these requirements in the law.

The law prohibits a copayment or percentage coinsurance from exceeding 50% of the cost to the health plan as described in the California Code of Regulations. A health plan must ensure that if there is a generic equivalent to a brand name drug, the enrollee will pay the lowest cost share whether or not both the generic equivalent and brand name drug are on the formulary.

The law places similar requirements in the Insurance Code.

### **SB 496 – Biomarker Testing**

This law requires a health plan contract, that is issued, amended, delivered, or renewed on or after July 1, 2024, to cover medically necessary biomarker testing for the purposes of diagnosis, treatment, appropriate management, or ongoing monitoring of an enrollee's disease or condition to guide treatment decisions only if the test meets current medical and scientific standards. The biomarker testing will have to be provided in a manner that limits disruptions in care, including the need for multiple biopsies or biospecimen samples.

A health plan will have to follow existing law to determine whether biomarker testing is medically necessary. The law does not require biomarker testing coverage for screening purposes, as specified.

The law places similar requirements in the Insurance Code.

### **SB 525 – Minimum Wages: Health Care Workers**

This law establishes separate minimum wage schedules for covered health care employees, depending on employer type, facility type, and other factors. Health care entities with 10,000 FTEs (full-time equivalent) employees or more must pay a minimum wage of \$23 per hour in June of 2024, \$24 per hour in June of 2025, and \$25 in June of 2026. After 2026, the Department of Finance is required to adjust the wage annually, as specified.

### **SB 621 – Health Care Coverage: Biosimilar Drugs**

Existing law allows a health plan to require step therapy if there is more than one drug that is clinically appropriate. A health plan may require an enrollee to try an AB-rated generic equivalent or interchangeable biological product before providing coverage for the equivalent brand name drug.

This law adds that a health plan may require an enrollee to also try a biosimilar before providing coverage for the equivalent brand name drug.

The law places similar requirements in the Insurance Code.