

**ASSEMBLY BILL**

**No. 374**

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**Introduced by Assembly Member Nazarian**

February 17, 2015

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An act to add Section 1367.244 to the Health and Safety Code, and to add Section 10123.197 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 374, as introduced, Nazarian. Health care coverage: prescription drugs.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of that act a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance. Existing law imposes various requirements and restrictions on health care service plans and health insurers, including, among other things, requiring a health care service plan that provides prescription drug benefits to maintain an expeditious process by which prescribing providers, as described, may obtain authorization for a medically necessary nonformulary prescription drug, according to certain procedures.

This bill would prohibit a health care service plan or health insurer that provides medication pursuant to a step therapy or first-fail requirement from applying that requirement to a patient if, in the professional judgment of the prescribing physician, the step therapy or first-fail requirement would be medically inappropriate for that patient.

Because a willful violation of these requirements with respect to health care service plans would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1367.244 is added to the Health and  
2 Safety Code, to read:

3 1367.244. A health care service plan that provides coverage  
4 for medications pursuant to a step therapy or first-fail protocol  
5 shall not apply that requirement to a patient if, in the professional  
6 judgment of the prescribing physician, the step therapy or first-fail  
7 requirement would be medically inappropriate for that patient.

8 SEC. 2. Section 10123.197 is added to the Health and Safety  
9 Code, to read:

10 10123.197. A health insurer that provides coverage for  
11 medications pursuant to a step therapy or first-fail protocol shall  
12 not apply that requirement to a patient if, in the professional  
13 judgment of the prescribing physician, the step therapy or first-fail  
14 requirement would be medically inappropriate for that patient.

15 No reimbursement is required by this act pursuant to Section 6  
16 of Article XIII B of the California Constitution because the only  
17 costs that may be incurred by a local agency or school district will  
18 be incurred because this act creates a new crime or infraction,  
19 eliminates a crime or infraction, or changes the penalty for a crime  
20 or infraction, within the meaning of Section 17556 of the  
21 Government Code, or changes the definition of a crime within the  
22 meaning of Section 6 of Article XIII B of the California  
23 Constitution.

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