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**AB-539 Health care coverage: prior authorizations.** (2025-2026)

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AMENDED IN ASSEMBLY APRIL 28, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 539**

Introduced by Assembly Member Schiavo

February 11, 2025

An act to amend Section 1371.8 of the Health and Safety Code, and to amend Section 796.04 of the Insurance Code, relating to health care coverage.

**LEGISLATIVE COUNSEL'S DIGEST**

AB 539, as amended, Schiavo. Health care coverage: prior authorizations.

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 the act a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law provides that a health care service plan or a health insurer that authorizes a specific type of treatment by a health care provider shall not rescind or modify this authorization after the provider renders the health care service in good faith and pursuant to the authorization.

This bill would require a prior authorization for a health care service by a health care service plan or a health insurer to remain valid for a period of at least one year from the date of ~~approval~~ *approval, or throughout the course of prescribed treatment, if less than one year*. Because a violation of the bill by a health care service plan 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 Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** Section 1371.8 of the Health and Safety Code is amended to read:

**1371.8.** (a) A health care service plan that authorizes a specific type of treatment by a provider shall not rescind or modify this authorization after the provider renders the health care service in good faith and pursuant to the authorization for any reason, including, but not limited to, the plan's subsequent rescission, cancellation, or modification of the enrollee's or subscriber's contract or the plan's subsequent determination that it did not make an accurate determination of the enrollee's or subscriber's eligibility. This section shall not be construed to expand or alter the benefits available to the enrollee or subscriber under a plan. The Legislature finds and declares that by adopting the amendments made to this section by Assembly Bill 1324 of the 2007–08 Regular Session it does not intend to instruct a court as to whether or not the amendments are existing law.

(b) A prior authorization for a health care service shall remain valid for a period of at least one year from the date of ~~approval~~ *approval, or throughout the course of prescribed treatment, if less than one year.*

**SEC. 2.** Section 796.04 of the Insurance Code is amended to read:

**796.04.** (a) A health insurer that provides coverage for hospital, medical, or surgical expenses that authorizes a specific type of treatment for services covered under a policyholder's contract or plan by a provider shall not rescind or modify this authorization after the provider renders the health care service in good faith and pursuant to the authorization for any reason, including, but not limited to, the insurer's subsequent rescission, cancellation, or modification of the insured's or policyholder's contract or the insurer's subsequent determination that it did not make an accurate determination of the insured's eligibility. This section shall not be construed to expand or alter the benefits available or the terms and conditions of the contract as may be agreed upon between a policyholder, certificate holder, or trust, and the insurer. The Legislature finds and declares that by adopting the amendments made to this section by Assembly Bill 1324 of the 2007–08 Regular Session it does not intend to instruct a court as to whether or not the amendments are existing law.

(b) A prior authorization for a health care service shall remain valid for a period of at least one year from the date of ~~approval~~ *approval, or throughout the course of prescribed treatment, if less than one year.*

**SEC. 3.** No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.