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**AB-577 Health care coverage: antisteering.** (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 577**

Introduced by Assembly Member Wilson

February 12, 2025

An act to add Section 1367.48 to the Health and Safety Code, and to add Section 10123.1934 to the Insurance Code, relating to health care coverage.

**LEGISLATIVE COUNSEL'S DIGEST**

AB 577, as amended, Wilson. Health care coverage: antisteering.

Existing law provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes the willful violation of its provisions a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance. Existing law requires a health care service plan contract or health insurance policy that provides coverage for outpatient prescription drugs to cover medically necessary prescription drugs.

For a health care service plan contract or health insurance policy issued, amended, or renewed on or after January 1, 2026, this bill would prohibit a health care service plan, health insurer, or pharmacy benefit manager from engaging in specified steering practices, including, among others, requiring an enrollee or insured to use a retail pharmacy for dispensing prescription oral medications, as specified, and imposing any requirements, conditions, or exclusions that discriminate against ~~a~~ *an in-network* physician in connection with dispensing prescription oral medications. *The bill would require a health care provider, physician's office, clinic, or infusion center to obtain consent from an enrollee or insured and disclose a good faith estimate of the enrollee's or insured's applicable cost-sharing amount before supplying or administering an injected or infused medication to an enrollee or insured, or sending an enrollee or insured to receive an injected or infused medication, if the setting or manner of administration is different than the setting or manner of administration for which the health care service plan, health insurer, or pharmacy benefit manager directed the enrollee or insured, as specified.* Because a willful violation of these provisions ~~by a health care service plan~~ *relative 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 Local Program: yes

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

**SECTION 1.** Section 1367.48 is added to the Health and Safety Code, to read:

**1367.48.** (a) For a health care service plan contract issued, amended, or renewed on or after January 1, 2026, a health care service plan or pharmacy benefit manager shall not do any of the following:

(1) Require an enrollee to self-administer an injected or infused prescription medication if ~~a~~ *an in-network* health care provider determines it is ~~clinically appropriate~~ *medically necessary* for the medication to be administered by a health care provider in a physician's office, clinic, or infusion center.

(2) Require an enrollee to use a specific *in-network* health care provider, *in-network* external infusion center, or *in-network* home infusion pharmacy, for administration of an injected or infused medication, if their current *in-network* health care provider determines it is ~~clinically appropriate~~ *medically necessary* for the medication to be administered by their current *in-network* health care provider in a physician's office, clinic, or infusion center.

(3) Require an enrollee, in order to receive coverage under the plan, to use a mail order pharmacy to furnish a health care provider or enrollee with an injected or infused prescription medication for subsequent administration in a physician's office, clinic, or infusion center.

(4) Impose upon an enrollee any cost-sharing requirement relating to *covered* injected or infused prescription medication furnished by a health care provider for administration in ~~a~~ *an in-network* physician's office, *in-network* clinic, or *in-network* infusion center that is greater, or more restrictive, than what would otherwise be imposed if a mail order pharmacy furnished the *covered* injected or infused prescription drugs to the health care provider or enrollee.

(5) Refuse to authorize, approve, or pay ~~a participating~~ *an in-network* health care provider for providing *contracted and* covered injected or infused prescription medications and related services to enrollees, if the injected or infused prescription medication would otherwise be covered.

(6) Require an enrollee to use a retail pharmacy for dispensing prescription oral medications, if the *in-network* health care provider determines it is ~~clinically appropriate~~ *medically necessary* for the medication to be dispensed by a different *in-network* pharmacy or by the ~~prescriber, consistent with Section 4170 of the Business and Professions Code;~~ *prescriber*.

(7) Reimburse at ~~a lesser amount a lesser than the contracted rate for a covered~~ prescription oral medication dispensed by a ~~physician than the amount that would otherwise be reimbursed if the same medication was dispensed by the health care service plan's or pharmacy benefit manager's chosen pharmacy;~~ *physician*.

(8) Impose any requirements, conditions, or exclusions that discriminate against ~~a~~ *an in-network* physician in connection with dispensing prescription oral medications. Discrimination prohibited by this paragraph includes, but is not limited to, any of the following:

(A) Including terms and conditions in a contract with a physician based on the physician dispensing prescription oral medications, including, but not limited to, either of the following:

(i) Terms and conditions to preemptively dissuade or discourage the physician from dispensing prescription oral medications.

(ii) Terms and conditions included because of, or in response to, a physician dispensing prescription oral medications.

(B) Refusing to contract with or terminating a contract with a physician on the basis of the physician dispensing prescription oral medications.

(C) Retaliation against a physician based on the physician's exercise of any right or remedy under this section.

(b) This section does not prohibit or interfere with compliance with federal and state law, including registration with the United States Drug Enforcement Administration as required to dispense controlled substances.

~~(c) For purposes of this section, "pharmacy benefit manager" means a person, business, or other entity that, pursuant to a contract with a health care service plan, manages the prescription drug coverage provided by the health care service plan, including, but not limited to, the processing and payment of claims for prescription drugs, the performance of drug utilization review, the processing of drug prior authorization requests, the adjudication of appeals or grievances related to prescription drug~~

~~coverage, contracting with network pharmacies, and controlling the cost of covered prescription drugs.~~

(c) A health care provider, physician's office, clinic, or infusion center shall obtain consent from the enrollee and disclose a good faith estimate of the enrollee's applicable cost-sharing amount before supplying or administering an injected or infused medication to an enrollee, or sending an enrollee to receive an injected or infused medication, if either of the following conditions are met:

(1) The manner of administration is different than the manner of administration for which the health care service plan or pharmacy benefit manager has directed the enrollee.

(2) The supplying or administering health care provider, physician's office, clinic, infusion center, or pharmacy is different than where the health care service plan or pharmacy benefit manager has directed the enrollee.

(d) For purposes of this section, the following definitions apply:

(1) "Dispensing" or "dispensed" refers to the dispensing of medication in compliance with Section 4170 of the Business and Professions Code.

(2) "Medically necessary" has the same meaning as provided in subdivision (b) of Section 1374.33.

(3) "Pharmacy benefit manager" has the same meaning as defined in Section 1385.001.

(4) "Physician's office, clinic, or infusion center" does not include the outpatient facility of a general acute care hospital, as defined in Section 1250.

**SEC. 2.** Section 10123.1934 is added to the Insurance Code, to read:

**10123.1934.** (a) For a health insurance policy issued, amended, or renewed on or after January 1, 2026, a health insurer or pharmacy benefit manager shall not do any of the following:

(1) Require an insured to self-administer an injected or infused prescription medication if ~~a an in-network~~ health care provider determines it is ~~clinically appropriate~~ *medically necessary* for the medication to be administered by a health care provider in a physician's office, clinic, or infusion center.

(2) Require an insured to use a specific *in-network* health care provider, *in-network* external infusion center, or *in-network* home infusion pharmacy, for administration of an injected or infused medication, if their current *in-network* health care provider determines it is ~~clinically appropriate~~ *medically necessary* for the medication to be administered by their current *in-network* health care provider in a physician's office, clinic, or infusion center.

(3) Require an insured, in order to receive coverage under the policy, to use a mail order pharmacy to furnish a health care provider or insured with an injected or infused prescription medication for subsequent administration in a physician's office, clinic, or infusion center.

(4) Impose upon an insured any cost-sharing requirement relating to *covered* injected or infused prescription medication furnished by a health care provider for administration in ~~a an in-network~~ physician's office, *in-network* clinic, or *in-network* infusion center that is greater, or more restrictive, than what would otherwise be imposed if a mail order pharmacy furnished the *covered* injected or infused prescription drugs to the health care provider or insured.

(5) Refuse to authorize, approve, or pay ~~a participating~~ *an in-network* health care provider for providing *contracted and* covered injected or infused prescription medications and related services to insureds, if the injected or infused prescription medication would otherwise be covered.

(6) Require an insured to use a retail pharmacy for dispensing prescription oral medications, if the *in-network* health care provider determines it is ~~clinically appropriate~~ *medically necessary* for the medication to be dispensed by a different *in-network* pharmacy or by the ~~prescriber, consistent with Section 4170 of the Business and Professions Code.~~ *prescriber.*

(7) Reimburse at ~~a lesser amount a lesser than the contracted rate for a covered~~ prescription oral medication dispensed by a ~~physician than the amount that would otherwise be reimbursed if the same medication was dispensed by the health insurer's or pharmacy benefit manager's chosen pharmacy.~~ *physician.*

(8) Impose any requirements, conditions, or exclusions that discriminate against ~~a an in-network~~ physician in connection with dispensing prescription oral medications. Discrimination prohibited by this paragraph includes, but is not limited to, any of the following:

(A) Including terms and conditions in a contract with a physician based on the physician dispensing prescription oral medications, including, but not limited to, either of the following:

(i) Terms and conditions to preemptively dissuade or discourage the physician from dispensing prescription oral medications.

(ii) Terms and conditions included because of, or in response to, a physician dispensing prescription oral medications.

(B) Refusing to contract with or terminating a contract with a physician on the basis of the physician dispensing prescription oral medications.

(C) Retaliation against a physician based on the physician's exercise of any right or remedy under this section.

(b) This section does not prohibit or interfere with compliance with federal and state law, including registration with the United States Drug Enforcement Administration as required to dispense controlled substances.

~~(c) For purposes of this section, "pharmacy benefit manager" means a person, business, or other entity that, pursuant to a contract with a health insurer, manages the prescription drug coverage provided by the health insurer, including, but not limited to, the processing and payment of claims for prescription drugs, the performance of drug utilization review, the processing of drug prior authorization requests, the adjudication of appeals or grievances related to prescription drug coverage, contracting with network pharmacies, and controlling the cost of covered prescription drugs.~~

*(c) A health care provider, physician's office, clinic, or infusion center shall obtain consent from the insured and disclose a good faith estimate of the insured's applicable cost-sharing amount before supplying or administering an injected or infused medication to an insured, or sending an insured to receive an injected or infused medication, if either of the following conditions are met:*

*(1) The manner of administration is different than the manner of administration for which the health insurer or pharmacy benefit manager has directed the insured.*

*(2) The supplying or administering health care provider, physician's office, clinic, infusion center, or pharmacy is different than where the health insurer or pharmacy benefit manager has directed the insured.*

*(d) For purposes of this section, the following definitions apply:*

*(1) "Dispensing" or "dispensed" refers to the dispensing of medication in compliance with Section 4170 of the Business and Professions Code.*

*(2) "Medically necessary" has the same meaning as provided in subdivision (b) of Section 10169.3.*

*(3) "Pharmacy benefit manager" means a person, business, or other entity that, pursuant to a contract with a health insurer, manages the prescription drug coverage provided by the health insurer, including, but not limited to, the processing and payment of claims for prescription drugs, the performance of drug utilization review, the processing of drug prior authorization requests, the adjudication of appeals or grievances related to prescription drug coverage, contracting with network pharmacies, and controlling the cost of covered prescription drugs.*

*(4) "Physician's office, clinic, or infusion center" does not include the outpatient facility of a general acute care hospital, as defined in Section 1250 of the Health and Safety Code.*

**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.