



April 30, 2026

The Honorable Buffy Wicks
Chair, Assembly Appropriations Committee
1021 O Street, Suite 8220
Sacramento, CA 95814

SUBJECT: AB 1970 (Harabedian) — As Amended April 22 — SUPPORT

Dear Assemblymember Wicks:

Hospitals are on the front lines of the mental health and substance use disorder crisis in California, with as many as 1 in 3 inpatient hospitalizations and 1 in 5 emergency department visits now involving patients with behavioral health disorders. When timely access to medically necessary care is delayed or denied, patients suffer and medical outcomes are compromised.

Given the growing number of individuals seeking behavioral health treatment, the California Hospital Association (CHA), on behalf of nearly 400 hospitals and health systems, recognizes the importance of ensuring patients can access the most effective treatment without delays. **That's why CHA supports Assembly Bill (AB) 1970 (Harabedian, D-Pasadena), which would prohibit health care plans and insurers from requiring step therapy protocols for medications used to treat a serious mental illness or substance use disorder.**

Step therapy policies require patients to try insurer-preferred medications before obtaining the treatment originally prescribed by their provider. For individuals living with behavioral health conditions, these practices delay access to effective treatment, disrupt recovery, and increase the risk of a behavioral health crisis. AB 1970 would ensure patients could immediately receive the treatment their provider determines is the most appropriate, without unnecessary administrative barriers that could delay care.

Behavioral health medications are not interchangeable, and individual responses vary widely. By allowing patients to begin with the most clinically appropriate medication, AB 1970 would improve timely access to care as well as treatment outcomes for individuals living with a serious mental illness or substance use disorder.

AB 1970 prioritizes California's most vulnerable populations while addressing the costly downstream consequences of delayed care, ensuring that small, upfront investments help avoid far more expensive emergency, inpatient, and crisis care interventions. The California Health Benefits Review Program finds that the bill's effect on premiums would be minimal, estimated at up to \$0.017 per member per month. The analysis also makes clear that the bill would not increase the number of people using behavioral health medications, but instead would improve access to the treatments providers have already determined are most appropriate.

By removing impediments to care, AB 1970 would help prevent the far more expensive outcomes that often follow when treatment is interrupted or ineffective. Individuals living with serious mental illness and substance use disorders are at higher risk of crisis when care is delayed, which can lead to emergency room visits, inpatient hospitalizations, and other high-cost interventions. A study from the University of Southern California Leonard D. Schaeffer Center for Health Policy & Economics found that Medicaid formulary restrictions — such as step therapy for psychiatric drugs — do not generate meaningful savings and instead are associated with higher overall costs for individuals with serious mental illness, including increased inpatient utilization and higher rates of incarceration. These outcomes outweigh any short-term pharmacy savings, and avoiding even a fraction of these events can meaningfully offset modest increases in pharmacy spending.

Ensuring patients receive the right medication at the right time also supports treatment adherence and continuity of care, while reducing administrative burdens on providers. These improvements help stabilize patients earlier and reduce strain on the broader health care system.

AB 1970 would align coverage policy with how behavioral health care is actually delivered and supports more efficient use of health care resources.

For these reasons, CHA respectfully asks for your “AYE” vote on AB 1970.

Sincerely,

A handwritten signature in black ink that reads "Kalyn Dean". The signature is written in a cursive, flowing style.

Kalyn Dean
Vice President, State Advocacy

cc: The Honorable John Harabedian
The Honorable Members of the Assembly Appropriations Committee
Allegra Kim, Consultant, Assembly Appropriations Committee
Joe Shinstock, Consultant, Assembly Republican Caucus
Sage Miller, Legislative Director, Office of Assemblymember Harabedian