



OFFICE OF THE GOVERNOR

OCT 06 2025

To the Members of the California State Assembly:

I am returning Assembly Bill 574 without my signature.

This bill would prohibit health plans or insurers from requiring prior authorization (PA) for the initial 12 physical therapy visits for a new condition.

Prior authorization, when applied appropriately, is a crucial tool for containing healthcare costs, protecting patients from unanticipated billing, and ensuring patients receive medically necessary care. Further, existing law requires health plans to provide appointments within a timely access minimum standard, even when prior authorization is required.

I support the author's goals of improving the PA process and ensuring that enrollees receive timely responses to requests for physical therapy. To this end, I recently signed SB 306 (Becker), which provides a more comprehensive solution to improve the PA process. This new law will require health plans and health insurers to submit data to the California Department of Managed Health Care and the California Department of Insurance, respectively, regarding the types of health care services subject to PA requirements, and require the departments to analyze the data and then issue a list of services that should not be subject to a PA requirement. This approach strikes a reasonable balance that will lead to improved transparency in the PA system as a whole, alleviate burdens for providers, and ultimately enhance patient outcomes. It would be premature to



establish limitations on the use of PA, as proposed by this bill, until SB 306 is fully implemented.

For this reason, I cannot sign this bill.

Sincerely,



Gavin Newsom