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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2023 - 2024 Regular Session

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### SB 1008 (Bradford) - Obesity Treatment Parity Act

**Version:** April 29, 2024

**Urgency:** No

**Hearing Date:** May 6, 2024

**Policy Vote:** HEALTH 9 - 2

**Mandate:** Yes

**Consultant:** Agnes Lee

**Bill Summary:** SB 1008 would require health plans and health insurers to include specified coverage for the treatment of obesity.

#### **Fiscal Impact:**

- The Department of Managed Health Care (DMHC) estimates costs to be approximately \$1,621,000 in 2024-25, \$4,374,000 in 2025-26, \$4,149,000 in 2026-27, \$3,951,000 in 2027-28, and \$3,955,000 in 2028-29 and annually thereafter for state operations (Managed Care Fund).
- The California Department of Insurance (CDI) estimates no fiscal impact.
- Unknown, ongoing General Fund costs, due to increased CalPERS health plan premiums.

**Background:** The DMHC regulates health plans under the Knox-Keene Act and the CDI regulates health insurance. Current state law requires all DMHC-regulated health plans and CDI regulated large group health insurance policies to cover medically necessary basic health care services, which includes medically necessary bariatric surgery. State law also requires “non-grandfathered” individual and small group plans and insurance policies to cover medically necessary services and certain essential health benefits, including prescription drugs.

According to the California Health Benefits Review Program (CHBRP), there are two main types of drugs approved by the federal Food and Drug Administration (FDA) with an indication for chronic weight management: glucagon-like peptide 1 (GLP-1) receptor agonists (RA) and non-GLP-1s. The mechanism of action of GLP-1RA therapy centers on activation of GLP-1 receptors in the gut leading to delayed gastric emptying and in the hypothalamus of the central nervous system affecting satiety centers. Non-GLP-1 RA therapies involve a multitude of pharmacologic mechanisms of action. Health plans and insurance policies that provide prescription drug coverage may impose certain authorization requirements and establish drug formularies and cost-sharing requirements.

The United States Prevention Task Force (USPSTF) defines intensive behavioral therapy for obesity as a particular form of intensive, multicomponent behavioral intervention that typically lasts for 1 to 2 years, encompasses 12 or more sessions during the first year, and provides patients with tools to support weight loss and maintenance of weight loss. California’s preventive services benefit mandate requires

coverage of tests, treatments, and services with an “A” or “B” recommendations from the USPSTF. Intensive behavioral therapy for weight loss is a “B” USPSTF recommendation.

**Proposed Law:** Specific provisions of the bill would:

- Require an individual or group health care service plan contract or health insurance policy that provides coverage for outpatient prescription drug benefits that is issued, amended, or renewed on or after January 1, 2025, to include coverage for all of the following regarding the treatment of obesity:
  - Intensive behavioral therapy.
  - Bariatric surgery.
  - At least one FDA-approved antiobesity medication.
- Allow a health plan or insurer to apply utilization management to determine the medical necessity for treatment of obesity if appropriateness and medical necessity determinations are made in the same manner as those determinations are made for the treatment of any other illness, condition, or disorder covered.
- Define “FDA-approved antiobesity medication” as a medication approved by the FDA with an indication for chronic weight management in patients with obesity.
- Require that coverage criteria for FDA-approved antiobesity medications cannot be more restrictive than the FDA-approved indications for those treatments.

**Related Legislation:** SB 839 (Bradford, 2023) would have required a health plan or insurer to include comprehensive coverage for the treatment of obesity, as specified. The bill was not heard in the Senate Health Committee.

**Staff Comments:** According to the California Health Benefits Review Program (CHBRP) analysis of SB 1008 (March 14, 2024 version), total net annual expenditures would increase by \$136 million or less, for enrollees with DMHC-regulated plans and CDI-regulated policies. This includes an increase in total health insurance premiums paid by employers and enrollees for newly covered benefits. The increase is primarily due to the increase in utilization of prescription drugs, since CHBRP estimates that at baseline, almost all enrollees already have fully compliant coverage for intensive behavioral therapy and bariatric surgery. Because SB 1008 specifies “group and individual” plans and policies, the health insurance of Medi-Cal beneficiaries enrolled in DMHC-regulated plans would not be subject to SB 1008’s requirements.

Staff notes that the April 29, 2024 version of the bill revises the requirement on health plans/insurers, compared to the March 14, 2024 version analyzed by CHBRP. As such, staff estimates that the impact to total net annual expenditures may be somewhat lower.