

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
AB 1773 (Blanca Rubio) – As Amended March 16, 2026

Policy Committee: Health

Vote: 16 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill requires the Department of Managed Health Care (DMHC) to maintain a public website showing licensure information for each pharmacy benefit manager (PBM), using existing resources. If DMHC determines it needs additional resources, the bill will be operative only upon an appropriation.

Specifically, this bill requires the website to display for each licensed PBM:

- 1) Legal name.
- 2) License number and status.
- 3) Initial licensure date.
- 4) License expiration date.

FISCAL EFFECT:

DMHC anticipates minor and absorbable costs.

COMMENTS:

- 1) **Purpose.** This bill is sponsored by the Chronic Care Policy Alliance. According to the author:

In recent years, the Legislature has taken important steps to license and regulate [PBMs], recognizing the powerful role they play in determining which drugs patients can access and at what cost. But ...there is still no simple, public way under existing law for a consumer, provider, or health plan to look up a PBM and confirm that it is licensed and in good standing with [DMHC].

This bill...directs DMHC to maintain a public website listing basic licensure information for each PBM...It does not change any of the underlying duties, enforcement tools, or financial requirements the Legislature has already enacted...[This bill] helps deter unlicensed

activity, supports fair enforcement of the state's PBM rules, and strengthens efforts to protect access to affordable medications.

- 2) **Background.** PBMs manage prescription drug benefits on behalf of third-party payers (health plans, insurers, self-insured employers, labor trusts, and government entities). PBMs were established to set reimbursement rates, process claims, and pay pharmacies on behalf of payers, but PBMs' role over time has changed significantly as third-party coverage of prescription drugs has expanded. PBMs' roles vary by payer, but major PBM functions include processing claims, negotiating drug prices and discounts, managing formularies, and establishing pharmacy networks, among other activities.

PBMs are increasingly vertically integrated and several large PBMs are owned by or affiliated with pharmacy chains, insurance companies, specialty pharmacies, mail order pharmacies, and health care providers. According to a 2023 Congressional Research Service publication, in 2022, the three largest PBMs (CVS Caremark, part of CVS Health, which owns Anthem; Express Scripts, which is owned by Cigna; and OptumRx, which is owned by UnitedHealthcare) processed a large majority of prescription drug claims in the U.S. PBMs have also acquired mail order pharmacies and specialty pharmacies. This gives PBMs considerable leverage with health payers, pharmacies, and drug manufacturers. Because of the significant behind-the-scenes impact PBMs have on the amount payers pay for drugs, how much pharmacies are reimbursed and which drugs are available to patients, PBMs face growing scrutiny.

- 3) **Prior Enacted Legislation.** AB 116 (Committee on Budget), Chapter 21, Statutes of 2025, the health budget trailer, replaces the previous requirement for PBM registration to instead require a PBM contracting with a health plan or health insurer to secure a license from the DMHC on or after January 1, 2027, and establishes PBM application requirements, requires a PBM to submit financial statements and to have a fiduciary duty to its payer client, and establishes enforcement authority with the director of DMHC.

SB 41 (Wiener), Chapter 605, Statutes of 2025, expanded on the provisions of AB 116 to regulate the actions of PBMs, including prohibiting a PBM from deriving income from PBM services provided to a health plan or health insurer, except for a "pharmacy benefit management fee," requiring a PBM to use a pass-through pricing model, prohibiting spread pricing (when the price a PBM charges a health plan for a prescription drug differs from the amount the PBM pays the pharmacist or pharmacy), and requiring a PBM to direct 100% of all prescription drug manufacturer rebates for the sole purpose of offsetting cost-sharing, deductibles, coinsurance contributions, and reducing premiums.

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