SENATE COMMITTEE ON HEALTH
Senator Akilah Weber Pierson, Chair

BILL NO: AB 1929
AUTHOR: Ortega
VERSION: June 15, 2026
HEARING DATE: June 24, 2026
CONSULTANT: Teri Boughton

SUBJECT: Health care coverage: investments: disclosure

SUMMARY: Requires health insurance carriers participating in Covered California to annually disclose specified investment information and requires Covered California to prominently display the information on its website and administer administrative penalties of $1,000 a day after a 30-day grace period for a carrier's failure to comply and post noncompliance status on the Covered California website.

Existing law:

1) Establishes the Department of Managed Health Care (DMHC) to regulate health plans under the Knox-Keene Health Care Service Plan Act of 1975 (Knox-Keene Act) and the California Department of Insurance (CDI) to regulate health insurance. [HSC §1340, et seq. and INS §106, et seq.]

2) Gives the director of DMHC the power to determine that investments of a plan's assets are acceptable to meet specified financial requirements. Requires all other assets to be invested in a prudent manner. [HSC §1363]

3) Permits any domestic incorporated insurer, which maintains cash on hand or on deposit in a national or state bank, or in securities, as specified, an amount equal to its required minimum paid-in capital, to invest the remainder of its assets in the purchase of or loans upon the securities, as specified. The investments are known as excess funds investments and are subject to specified restrictions. [INS §1170 and §1190]

4) Requires, by the first day of March of each year (or the first business day after), every insurer doing business in this state to make and file with the Insurance Commissioner and the National Association of Insurance Commissioners annual and quarterly statements exhibiting its condition and affairs as of the previous December 31. [INS §900 and §931]

5) Makes all public records of CDI subject to disclosure and available for inspection and copying at locations, as specified. [INS §12921.2]

6) Establishes Covered California as an independent entity in state government, not affiliated with any state agency or department, governed by a five-member board. Requires Covered California to establish and use a competitive process to select qualified health plans and other contractors. [GOV §100500-100522]

7) Requires Covered California to determine the criteria and process for eligibility, enrollment, and disenrollment of enrollees and potential enrollees and coordinate that process with the state and local government entities administering other health care coverage programs to ensure consistent eligibility and enrollment processes and seamless transitions between

coverage. [GOV §100503]

8) Authorizes Covered California, with respect to individual coverage it makes available, to collect premiums and assist in administration of federally funded advanced premium tax credits and cost-sharing reductions. Establishes, pursuant to regulations, the premium due date in which coverage becomes effective. [GOV §100504 and CCR Title 10, §6410]

This bill:

1) Requires a carrier participating in Covered California to annually disclose its material investment holdings to Covered California, and requires the disclosure to include:
   a) The 25 largest investment holdings of the carrier, regardless of whether or not those holdings are reported through a Form 5500 filed with the U.S. Department of Labor (DOL), other regulatory filing, subsidiary, affiliate, pooled investment vehicle, or other investment structure; and,
   b) A copy of the carrier's Form 5500 filed with DOL.

2) Requires the initial disclosure to include material investment holdings covering the five calendar years before January 1, 2027. Requires following the initial disclosure, a carrier to update its disclosure annually to include material investment holdings for the immediately preceding calendar year.

3) Requires annual disclosures to be submitted to Covered California before July 1 of each year, unless otherwise specified by regulation, beginning on July 1, 2027. Requires Covered California to prominently display, and make accessible to the public, the disclosures and the carrier's Form 5500 on its website.

4) Requires Covered California, if a carrier fails to comply with the disclosure requirements within 30 days of the reporting deadline, to assess an administrative penalty of $1,000 per day for each day the carrier remains out of compliance following the 30-day grace period.

5) Requires a carrier that fails to comply with the disclosure requirements to prominently post a notice on its website stating that it is not in compliance with California law requiring disclosure of investment holdings.

6) Requires Covered California to prominently post the carrier's noncompliance status on its website until compliance is achieved.

7) Defines "material investment holdings" as investments the carrier has made in a calendar year that are a direct or indirect ownership interest, financial stake, or beneficial interest in an entity, fund, asset, or investment vehicle.

FISCAL EFFECT: As amended, this bill has not been analyzed by a fiscal committee.

PRIOR VOTES:

Not relevant

COMMENTS:

1) *Author's statement.* According to the author, detention centers are run by for-profit companies that profit from cutting corners everywhere they can. These for-profit detention

centers are rife with human rights abuses and unsanitary conditions; from detaining pregnant women, children as young as two months old, and people with disabilities—to depriving detainees of healthcare and sleep and providing rotten food and contaminated drinking water. The death toll in these facilities keeps rising, tripling from 11 people in 2024 to 33 in 2025. The public deserves to know where their healthcare dollars are being spent and if they are being used to subsidize these for-profit centers of human suffering. This bill is a sunshine law, requiring nonprofit health plan investments to be made public so Californians know where their state healthcare subsidies and patient premiums are being invested.

2) *Background.* Information provided by the author indicates an investigation by one of this bill's cosponsors, who reports that a large California-based health plan, Kaiser, has an investment portfolio of between $5 and $6 billion, and has significant investments in CoreCivic and the GEO Group—the two largest private prison corporations in the country.

   The federal government contracts with private detention facilities across the country to house federal inmates and immigration detainees. There are currently seven private detention facilities operating in California:
   a) Adelanto ICE Processing Center in San Bernardino County (capacity 1,940);
   b) Desert View Annex in San Bernardino County (capacity 750);
   c) California City in Kern County (capacity 2,560);
   d) Golden State Annex in Kern County (700 capacity);
   e) Mesa Verde ICE Processing Center in Kern County (capacity 400);
   f) Otay Mesa Detention Center in San Diego County (1,994 capacity); and,
   g) Imperial Regional Detention Facility in Imperial County (704 capacity).

   CoreCivic operates the Otay Mesa and California City facilities, Management & Training Corporation operates the Imperial Regional Detention Facility, while the remainder are operated by the GEO Group. According to a February 6, 2026, article in the *Sacramento Bee*, at that time roughly 6,400 people were being held on a given day in these private facilities, which was more than double the figure from the prior year. Part of this growth was the opening of the California City Immigration Processing Center in 2025, which is now the largest immigration detention center in the state.

   According to a report by KFF, as of March 25, 2026, U.S. Immigration and Customs Enforcement (ICE) reported that 46 people died while in their custody or in detention facilities since the start of the second Trump administration in January 2025. The number of deaths of people in detention during 2025 exceeded the highest seen in over two decades, and deaths in 2026 are on track to meet or exceed that number. On March 30, 2026, the *Los Angeles Times* reported that a detainee at Adelanto ICE Processing Center died on March 25, which was the fourth fatality at Adelanto since September of last year. Nationwide, the death toll in ICE custody in just the last three months was 14 people.

3) *CDI Public Access.* CDI has annual and quarterly insurer financial statements, which are required to be submitted to CDI pursuant to law available for public view on their website. CDI indicates that the information is furnished to the CDI by California admitted insurers and is provided to the public "AS IS" pursuant to law, and CDI does not guarantee the data contained in the insurers' annual and quarterly financial statements and expressly disclaims any liability for any errors in the data. Kaiser is an admitted insurer and complies with this requirement.

4) *Covered California Technical Assistance.* Covered California indicates it is not equipped to determine what constitutes material investments or to evaluate the Form 5500, would not be able to respond to consumer questions, would be challenged to adjudicate compliance and ensure due process. Covered California is concerned that adding information regarding nonhealthcare-related investment holdings and non-compliance warnings could cause additional consumer confusion and frustration at a time when consumers need insurance, which could further confuse or discourage people from enrolling in coverage. Covered California also writes it has only 11 carriers participating for plan year 2026 with over 1.8 million enrollees in March compared to the over 100 carriers in California covering 36.5 million enrollees, according to the California Health Care Almanac for 2024.

5) *Double referral.* This bill is double referred. Should this bill pass out of this committee it will be re-referred to the Senate Committee on Judiciary.

6) *Related legislation.* SB 915 (Menjivar) would have imposed requirements at health care provider entity facilities when a patient is accompanied by an immigration enforcement officer while receiving treatment or care. *SB 915 was held on the Senate Appropriations suspense file.*

   SB 995 (Pérez) would enact the Masuma Khan Justice Act, which would authorize the California Department of Public Health (CDPH) to inspect an involuntary residential facility; authorize unnoticed inspections under certain conditions, and require CDPH, within 30 days of completing an inspection, to submit a report to the Legislature; require the operator of a facility to provide access to CDPH for an inspection, to maintain all records necessary to demonstrate compliance, and to correct a violation; and, authorize CDPH to refer violations to the Attorney General (AG) and authorize the AG to bring a civil action for declaratory or injunctive relief. *SB 995 is set for hearing on June 30, 2026, in the Assembly Judiciary Committee.*

   SB 1323 (Rubio) would require health care providers to inform staff and relevant volunteers on how to respond to requests by a person who is in lawful custody by immigration enforcement to notify a family member or designated support person about their current location. SB 1323 would restrict access to nonpublic areas of the facility for immigration enforcement purposes by removing "to the extent possible," and by requiring, rather than encouraging, providers to post a notice to authorities at facility entrances regarding the visitation and access policy. *SB 1323 is set for hearing on June 23, 2026, in the Assembly Judiciary Committee.*

   SB 1399 (Durazo) would repeal the January 1, 2028, sunset date on provisions of law requiring the AG to review and report on county, local, or private locked detention facilities in which noncitizens are being housed or detained for purposes of civil immigration proceedings in California, thereby making this law permanent. *SB 1399 is pending a hearing in the Assembly Appropriations Committee.*

7) *Prior legislation.* SB 1132 (Durazo, Chapter 183, Statutes of 2024) clarifies that "private detention facilities," are subject to inspection by local health officers.

   AB 263 (Arambula, Chapter 294, Statutes of 2021) requires a private detention facility operator to comply with, and adhere to, all local and state public health orders and occupational safety and health regulations.

AB 103 (Committee on Budget, Chapter 17, Statutes of 2017) was the public safety omnibus bill, and among other provisions, required the AG to review and report on private detention facilities in which noncitizens are being housed or detained for purposes of civil immigration proceedings in California.

8) *Support.* This bill's cosponsor, the United Nurses Association of California/Union of Health Care Professionals, writes, "This bill is grounded in a fundamental principle: nonprofit health plans should put patients over profits. Nonprofit integrated health care service plans are entrusted with significant public resources and tax-exempt status in exchange for a commitment to serve patients and communities. With that trust comes a responsibility to ensure that all aspects of their operations, including financial and investment decisions, are aligned with their mission to improve health outcomes. Yet under current law, there is no meaningful transparency into how these plans invest their substantial financial reserves. This lack of disclosure leaves patients, purchasers, and policymakers in the dark about whether investment practices support the delivery of care, or whether they may contradict the very mission these organizations claim to uphold. At a time when Californians face rising health care costs and barriers to access, it is critical that health care dollars are used in ways that reflect patient needs and community well-being. This concern is not limited to any one health plan. This bill establishes a consistent transparency standard that applies health care service plans or health insurers operating in California. Consumers should be able to choose a health plan with confidence that their premiums are not only funding care but also supporting investments that reflect and uphold their health, dignity, and humanity." Another cosponsor, the Central American Resource Center of California, writes, "This measure brings much-needed accountability by requiring clear, accessible, and ongoing disclosure of material investment holdings. By making this information publicly available, this bill empowers consumers and policymakers to better understand how health care dollars are being used. Transparency is not only a matter of good governance; it is essential to rebuilding trust and ensuring that patient care, not profit maximization, remains the top priority." The American Federation of State, County and Municipal Employees, another cosponsor, writes, "Healthcare workers see firsthand the consequences when resources are not aligned with patient care needs. Chronic understaffing, burnout, and resource constraints continue to strain the healthcare workforce, even as some nonprofit health plans accumulate substantial reserves and make significant investment decisions that are largely shielded from public view. This bill provides a critical tool for policymakers, consumer, and stakeholders to better understand how these funds are being utilized."

9) *Opposition.* The California Association of Health Plans (CAHP) and the Association of California Life and Health Insurance Companies (ACLHIC) write, "this bill layers on a new public reporting mandate without identifying a clear gap and creates competitive and legal risk." CAHP and ACLHIC write that public disclosure of detailed investment positions may implicate confidentiality obligations and proprietary strategies, particularly for pooled or indirect investments and because this applies only to Covered California participants, it puts those carriers at a disadvantage. CAHP and ACLHIC indicate this could discourage participation, reduce competition and increase costs and the penalties are disproportionate given the complexity of the requirements. The California Chamber of Commerce writes, "Health care service plans and insurers are already subject to extensive financial reporting and transparency requirements. These include the various filing mechanisms such as IRS Forms 990 and 1120, respectively, which are publicly available and contain comprehensive financial and investment-related information. Plans also file quarterly financial statements

with rigorous disclosure standards. In addition, Employee Retirement Income Security Act-regulated trusts must disclose detailed investment information through Form 5500 filings with the U.S. Department of Labor. Together, these existing requirements already provide regulators and the public with significant insight into plan finances and investments. By layering on a duplicative and selective disclosure mandate – coupled with a requirement to publicly post investment holdings - the bill creates an uneven regulatory landscape. Certain investments are subject to confidentiality agreements or competitive sensitivities, and forcing public disclosure in this manner exposes plans to competitive harm. Applying these requirements to health care organizations serves no meaningful public policy purpose and imposes burdens not borne by similarly situated entities."

10) *Policy comment.* It is not clear if this bill is necessary as financial information is already required to be reported and publicly disclosed on CDI's website for admitted insurers. The requirements of this bill are beyond the scope and role of Covered California, which is not a regulator. The information requested seems to be public information that may be obtained through other means today. It is not clear why Covered California should be tasked with this added responsibility at a time when the organization is implementing federal rules and federal subsidy cutbacks which pose significant challenges to keeping Californians covered.

SUPPORT AND OPPOSITION:

Support: American Federation of State, County and Municipal Employees (cosponsor)
Central American Resource Center of California (cosponsor)
United Nurses Associations of California/Union of Health Care Professionals (cosponsor)

Oppose: California Association of Health Plans
California Chamber of Commerce
Central City Association of Los Angeles
Glendale Chamber of Commerce
LAX Coastal Chamber of Commerce
Los Angeles Area Chamber of Commerce
Oceanside Chamber of Commerce
Southwest California Legislative Council
The Greater Coachella Valley Chamber of Commerce
Tri County Chamber Alliance

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