

Date of Hearing: May 6, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2594 (Lowenthal) – As Amended April 23, 2026

Policy Committee: Health

Vote: 16 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

**SUMMARY:**

This bill extends, from December 31, 2027, to December 31, 2030, the sunset date on a pilot program for a voluntary employees' beneficiary association (VEBA) to contract with health care providers using risk-based or global payment arrangements. The bill also extends, from January 1, 2027, to January 1, 2029, the date by which the Department of Managed Health Care (DMHC) must submit a report to the Legislature.

**FISCAL EFFECT:**

DMHC reports minor and absorbable costs.

**COMMENTS:**

- 1) **Purpose.** The sponsors of this bill are California Schools VEBA (CalVEBA) and America's Physician Groups. According to the author:

Health care costs keep going up, and for many California families who get their coverage through their employer, that means higher premiums and fewer options. AB 2594 extends a pilot program that tests an alternative way to pay doctors and health care providers, one that rewards better health outcomes instead of simply paying for every test and procedure. Early results show this approach is working, and thousands of Californians are already benefiting from it. This bill makes sure the program can keep running through 2032 so we can fully measure what's working and use that information to improve health care for everyone. We owe it to California families to follow through on solutions that are making a difference.

- 2) **Background.** A VEBA is a trust established to pay certain benefits, such as health benefits, to VEBA "members" (generally, current or former employees) or their dependents or beneficiaries. A VEBA can be used as a funding mechanism for a self-insured health plan. CalVEBA is the authorized participant in the pilot program subject to this bill. CalVEBA is a joint labor-management trust in San Diego established by the County Office of Education, employee associations, and district management that innovates health care purchasing, manages rising costs, and improves care access for members and their families. CalVEBA provides benefits to nearly 160,000 members and partners with over 70 public sector employers.

- 3) **Prior Legislation.** This bill extends the sunset dates on a program introduced and extended by the following bills:

AB 2063 (Maienschein), Chapter 818, Statutes of 2024, extended the sunset for the VEBA pilot program to operate from December 31, 2025 to December 31, 2027 and limited authorized pilot programs to one in southern California.

AB 1124 (Maienschein), Chapter 266, Statutes of 2020, authorized the DMHC Director to authorize two pilot programs, one in northern California and one in southern California, under which providers approved by DMHC may undertake risk-bearing arrangements with a VEBA, or a trust fund. AB 1124 repealed its provisions on January 1, 2028.

**Analysis Prepared by:** Allegra Kim / APPR. / (916) 319-2081