

ASSEMBLY THIRD READING

AB 910 (Bonta)

As Amended January 22, 2026

Majority vote

SUMMARY

Requires the Department of Health Care Access and Information (HCAI) to include data regarding pricing and payments related to prescription drugs in its annual analysis, upon completion of specified regulations. Requires the Department of Managed Health Care (DMHC) to post related analyses to its website. Requires HCAI to notify DMHC if a pharmacy benefit manager (PBM) fails to comply with reporting requirements and requires DMHC to take appropriate action.

COMMENTS

Background. PBMs manage the prescription drug benefit on behalf of third-party payers (such as health plans, insurers, self-insured employers, labor trusts, Medicare and Medicaid, and state and local governments). The role of PBMs varies by payer, but major PBM functions include claims processing, negotiating drug prices and discounts, establishing formularies (which determine which drugs are covered and at what level of cost-sharing for a patient), contracting with pharmacies to establish a network, and utilization management. PBMs are increasingly vertically integrated, with several large PBMs being owned by or affiliated with pharmacy chains, insurance companies, and health care providers. According to a Congressional Research Service (CRS) 2023 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 United States. 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 of money that payers pay for drugs, how much pharmacies are reimbursed and which drugs are available to patients, PBMs have faced growing scrutiny at the state and federal level.

According to a CRS report, PBM contracts with payers can specify different methods of compensation, including administrative fees for claims processing and other services. Where allowed, PBMs may engage in a practice known as spread pricing, whereby the PBM generates profit by reimbursing a pharmacy at a lower rate than the amount the PBM is paid by the health payer. PBMs may also generate fees for dispensing drugs through retail and mail-order pharmacies. Some contracts allow PBMs to keep a portion of savings generated from negotiations (such as rebates and fees) with drug manufacturers, rather than passing on such savings to the health payer. PBMs also generate revenue by dispensing drugs from their own mail-order and specialty drug pharmacies, rather than through contracted health plan network pharmacies.

According to the Author

This bill strengthens state reporting on PBMs. The author notes that prescription drug spending is growing faster than any other health care cost, as spending on drugs in California alone has increased 56% since 2017. Over half of Californians say they skip or delay care, including

prescription drugs, due to the cost. PBMs are companies that are contracted to act as middlemen who administer prescription drug benefits and exercise significant control over which drugs are available, where they are available, and importantly how much they cost. The author states that legislation last year established a regulatory scheme to rein in PBM practices, which included data reporting to the state that details their impact on the price of pharmaceuticals. The author continues that this bill builds upon those efforts to ensure that the state analyzes and publicly reports on the data reported by PBMs, shining a light on PBM practices and helping Californians better assess their impact on rising prescription drug costs.

Arguments in Support

None.

Arguments in Opposition

None.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, minor and absorbable costs to HCAI and DMHC. No costs to the Department of Insurance.

VOTES**ASM HEALTH: 13-0-3**

YES: Bonta, Addis, Aguiar-Curry, Rogers, Carrillo, Flora, Mark González, Krell, Patel, Patterson, Celeste Rodriguez, Sharp-Collins, Stefani

ABS, ABST OR NV: Chen, Sanchez, Schiavo

ASM APPROPRIATIONS: 11-1-3

YES: Wicks, Stefani, Calderon, Caloza, Fong, Mark González, Krell, Bauer-Kahan, Pacheco, Pellerin, Solache

NO: Dixon

ABS, ABST OR NV: Hoover, Ta, Tangipa

UPDATED

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