

Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 1089 (Richardson) – As Amended June 18, 2026

Policy Committee: Health

Vote: 15 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill adds a glucagon-like peptide-1 (GLP-1) antiobesity medication to the California Health and Human Services Agency's (CalHHS) authority to enter partnerships for generic or brand name drugs to address emerging health concerns.

Specifically, this bill:

- 1) Specifies that a GLP-1 approved by the U.S. Food and Drug Administration (FDA) includes a GLP-1, GLP-1 receptor agonist, glucose-dependent insulinotropic polypeptide plus GLP-1, GLP-1 receptor dual agonist, or tirzepatide.
- 2) Requires CalHHS make its best effort to negotiate pricing at or lower than the 2025 cost to Medi-Cal beneficiaries.
- 3) Makes findings and declarations related to chronic weight disease.

FISCAL EFFECT:

The Department of Health Care Access and Information (HCAI) estimates one-time costs of several million dollars to establish partnerships for development, distribution, or procurement of a GLP-1 and ongoing costs, likely several thousand dollars per year, for two staff positions (General Fund). Eventually, sales of the drug should cover the costs of manufacturing or contracting.

COMMENTS:

- 1) **Purpose.** According to the author:

Chronic weight disease is a serious problem in the United States. According to UCLA'S California Health Interview Survey, nearly 61% of California adults fall into the combined overweight/obese category, which is associated with 200 morbid conditions, including 13 types of cancer.

Chronic weight management can be related to reduced labor market participation, earnings, increased early mortality, absenteeism,

disability and healthcare costs exceeding \$1 billion and a 2.6% reduction in the California Gross Domestic Product.

- 2) **Background. *Obesity and Overweight.*** Obesity is a chronic health condition characterized by an increase in the size and number of fat cells in the body. Body mass index (BMI), which takes into account an individual's height and weight, is a measurement used to identify obesity. Adults with a BMI of 25 to <30 are categorized as overweight and those with a BMI of 30 or higher are categorized as obese. Obesity has many health consequences, including risk of heart disease, diabetes, respiratory issues, musculoskeletal disorders, certain cancers, and reduced life expectancy. Barriers to accessing treatment for obesity include stigma, race and ethnicity, location, and cost.

CalRx. To reduce the cost of prescription drugs in state programs and for consumers, the state enacted SB 852 (Pan), Chapter 207, Statutes of 2020, creating the CalRx program within HCAI. CalRX aims to expand the availability of low-cost generics in the market by entering partnerships with private entities to distribute or manufacture generic drugs. Before entering such partnerships, HCAI must determine they are viable, will result in savings, address market failures, and improve patient access. CalRx has executed contracts and now offers an over-the-counter naloxone nasal spray product at \$19 per twin-pack and a biosimilar insulin pen at \$55 for a five-pack of 3mL pens. HCAI reports CalRx naloxone was cost-saving only a few months into launch, and expects CalRx insulin to be cost-saving after a longer period on the market.

Recent Elimination of GLP-1 Coverage for Weight Loss in Medi-Cal. California's Medi-Cal program had previously covered GLP-1 medications with an FDA indication for weight management, with restrictions. However, this coverage was eliminated as of December 31, 2025. In 2024, the state reimbursed more than \$1.6 billion for two GLP-1 drugs, representing approximately 10% of Medi-Cal's total pharmacy spending. Medi-Cal continues to cover GLP-1 medications for Medi-Cal beneficiaries with other FDA-approved indications for GLP-1 medications, including type-2 diabetes.

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