SENATE THIRD READING
SB 1089 (Richardson)
As Amended June 18, 2026
Majority vote

SUMMARY

Expands California Health and Human Services Agency (CalHHS) authority under CalRx to enter into partnerships for glucagon-like peptide-1 (GLP-1) medications.

Major Provisions

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; and,

3) Makes findings and declarations related to chronic weight disease.

COMMENTS

Obesity is a chronic health condition characterized by an increase in the size and amount of fat cells in the body. Health care providers screen for obesity by calculating patients' body mass index (BMI), which takes into account an individual's height and weight. 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. There are many health consequences of obesity such as an increased risk of heart disease, diabetes, respiratory issues, musculoskeletal disorders, and certain cancers, as well as reduced life expectancy. Causes of obesity are multi-faceted and can include lifestyle habits, environment, stress, health conditions and certain medications, socioeconomic factors, and individual characteristics such as genetics and metabolism. Overall, it is estimated that 15.2% of adolescents aged 12 to 17 years and 27.8% of adults aged 18 to 64 years with private health insurance in California have BMIs that categorize them as having obesity.

Recent elimination of GLP-1 coverage in Medi-Cal. California's Medi-Cal program had previously opted to cover GLP-1 medications with an FDA indication for weight management, with quantity limits and labeler 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. Coverage for GLP-1 medications for Medi-Cal beneficiaries with other FDA-approved indications for GLP-1 medications (e.g., diabetes) remains intact.

CalRx. To help reduce the cost of prescription drugs in state programs and to consumers, the state recently created the CalRx program at the Department of Health Care Access and Information (HCAI). Established by SB 852 (Pan), Chapter 207, Statutes of 2020, the program aims to reduce the cost of drugs by expanding the availability of low-cost generics in the market. According to the Legislative Analyst's Office (LAO), CalRx accomplishes this objective by entering into partnerships with private entities to distribute or manufacture generic drugs. Before entering into these partnerships, HCAI must ensure they result in savings, address market failures, improve patient access, and are viable. The Legislature has directed HCAI to work on

two key drug initiatives through CalRx, insulin and naloxone. CalRx has executed contracts for both drugs, offering an over-the-counter naloxone nasal spray product at $24 for each twin pack and a biosimilar insulin pen at $55 for a five-pack of 3mL pens.

According to the Author
Chronic weight disease is a serious problem in the United States. The author states that there are approximately 24.5 million adults between the ages of 18-64 years living in California. The author continues that 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. The author states that chronic weight management can be related to a reduced labor participation, earnings, increased early mortality, absenteeism, disability, and healthcare costs exceeding $1 billion and a 2.6% reduction in the California Gross Domestic Product.

Arguments in Support
California Life Sciences (CLS) supports this bill, stating that it is an important step toward ensuring that the transformative GLP-1 therapies California's biopharmaceutical industry has helped develop can reach the patients who need them most. CLS continues that the development of GLP-1 receptor agonists and related therapies represents one of the most significant breakthroughs in metabolic medicine in decades, yet cost and access remain the primary barriers preventing Californians from benefiting from these innovations. CLS states that this bill ensures that FDA approval and clinical validation translate into real patient access, fulfilling the promise of the regulatory pathway and supporting the commercial viability of treatments that required enormous scientific and financial investment to bring to market. CLS continues that it positions California as a state where breakthrough therapies reach patients equitably — reinforcing the case for continued innovation investment in metabolic and preventive medicine and signaling to the broader industry that California rewards scientific progress with meaningful policy.

Arguments in Opposition
None to the current version of the bill.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations, 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.

VOTES

SENATE FLOOR: 39-0-1
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Dahle

ASM HEALTH: 15-0-1
YES: Bonta, Chen, Addis, Aguiar-Curry, Ahrens, Caloza, Carrillo, Mark González, Patel, Patterson, Celeste Rodriguez, Sanchez, Schiavo, Sharp-Collins, Stefani
ABS, ABST OR NV: Johnson

ASM APPROPRIATIONS: 14-0-1
YES: Wicks, Hoover, Arambula, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta
ABS, ABST OR NV: Tangipa

UPDATED

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