Office of Senate Floor Analyses
(916) 651-4171

UNFINISHED BUSINESS

Bill No: SB 1089
Author: Richardson (D), et al.
Amended: 8/20/26
Vote: 21

SENATE HEALTH COMMITTEE: 10-0, 4/15/26
AYES: Weber Pierson, Valladares, Caballero, Durazo, Gonzalez, Grove, Menjivar, Padilla, Rubio, Smallwood-Cuevas
NO VOTE RECORDED: Pérez

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 5-0, 4/22/26
AYES: Smallwood-Cuevas, Strickland, Cortese, Durazo, Laird

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SENATE FLOOR: 39-0, 5/27/26
AYES: 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
NO VOTE RECORDED: Dahle

ASSEMBLY FLOOR: Passed, 8/24/26

SUBJECT: Preventive Treatment Health Care Act

SOURCE: Author

DIGEST: This bill adds at least one glucagon-like peptide-1 (GLP-1) antiobesity weight medication approved by the federal U.S. Food and Drug Administration (FDA) to existing authority granted to the California Health and Human Services Agency under the California Affordable Drug Manufacturing Act of 2020 (also

referred to as CalRx), for purposes of entering into partnerships, if needed, to increase competition, lower prices, and address supply shortages.

Assembly Amendments delete provisions that would have required a health benefit plan contract with the California Public Employees' Retirement System to offer coverage for chronic weight disease management or to treat obesity or overweight persons, including nutritional information and at least one GLP-1 weight medication approved by the FDA, with a sunset provision of January 1, 2031. Includes in the definition of GLP-1 antiobesity weight management medication, future weight management medications in this category.

ANALYSIS:

Existing law:

1) Establishes the California Health and Human Services Agency (CHHSA), which consists of the following departments and offices: Aging, Child Support Services, Community Services and Development, Developmental Services, Health Care Access and Information (HCAI), Health Care Services, Managed Health Care (DMHC), Public Health, Rehabilitation, Social Services, State Hospitals, the Center for Data Insights and Innovation, the Emergency Medical Services Authority, the Office of Technology and Solutions Integration, the Office of Law Enforcement Support, the Office of the Surgeon General, the Office of Youth and Community Restoration, and the State Council on Developmental Disabilities. [Government Code (GOV) §12803 and §12806]

2) Requires CHHSA or its departments, under the California Affordable Drug Manufacturing Act of 2020, to enter into partnerships to increase competition, lower prices, and address shortages in the market for generic prescription drugs, to reduce the cost of prescription drugs, as specified, and to increase patient access to affordable drugs. This program is referred to as CalRx. [Health and Safety Code (HSC) §127692(a)]

3) Requires CalRx to enter into partnerships resulting in the production, procurement or distribution of generic drugs, with the intent that these drugs be made widely available to public and private purchasers, providers and suppliers, and pharmacies. Requires the generic drugs to be produced or distributed by a drug company or generic drug manufacturer that is registered with the FDA. Requires CalRx to only enter into partnerships to produce generic drugs at a price that results in savings, targets failures in the market for generic drugs, and

improves patient access to affordable medications. [HSC §127693(a) and §127693(b)]

4) Requires, in identifying generic prescription drugs to be produced, CHHSA to consider reports on prescription drug costs published by DMHC and the Department of Insurance, and pharmacy spending data from Medi-Cal and other entities for which the state pays the cost of generic prescription drugs. Requires the partnerships to include the production of at least one form of insulin, provided that a viable pathway for manufacturing a more affordable form of insulin exists. [HSC §127693(c)(1) and (2)]

5) Authorizes CalRx, subject to appropriation, to enter into partnerships to increase competition, lower prices, and address supply shortages for: over-the-counter naloxone products; generic or brand name drugs to address emerging health concerns, including reproductive health care or gender affirming health care; development, production, procurement, or distribution of vaccines, as specified; and, the manufacture, purchase, or distribution of medical supplies or medication devices. [HSC §127697]

This bill:

1) States intent to increase access to affordable glucagoin-like-peptide-1 (GLP-1) weight management medications in California.

2) Authorizes CHHSA to, subject to an appropriation by the Legislature, enter into partnerships, if needed, to increase competition, lower prices, and address supply shortages for at least one GLP-1 antiobesity medication approved by the FDA.

3) Defines GLP-1 antiobesity medication approved by the FDA includes a GLP-1, GLP-1 receptor agonist, glucose-dependent insulinotropic polypeptide plus GLP-1, GLP-1 receptor dual agonist, or tirzepatide, and future weight management medications in this category.

4) Requires CHHSA to also establish distribution partners, if needed, and make its best effort to negotiate pricing at or lower than the cost to Medi-Cal beneficiaries in 2025.

Comments

According to the author of this bill:

Chronic weight disease is a serious problem in the United States. There are approximately 24.5 million adults between the ages of 18-64 years living in California. 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 participation and earnings, increased early mortality, absenteeism, disability and healthcare costs exceeding $1 billion and a 2.6% reduction in the California Gross Domestic Product. California Public Employees' Retirement System (CalPERS) health insurance covers more than 1.5 million public employees. As the largest purchaser of public employee health benefits in California, the program provides coverage for over 1,200 public agencies and schools. This bill will require CalPERS to offer GLP-1s as an optional benefit through their health plan to reduce chronic weight management and reduce overall employer costs. Federal Executive Order authorized the Most-Favored-Nation Prescription Drug Pricing. This included offering GLP-1 medications at negotiated rate of $149 - $350 per month. These lower prices will be available through the Trump Rx platform. With CalRx offering affordable cost of $245 per month, 20% of California adults will reduce costs and employees will be more productive creating workforce savings.

Background

The Medicaid Drug Rebate Program provides a rebate to states for a portion of the Medicaid payment for each drug. The rebate is shared with the federal government. In return most manufacturer's drugs are covered under state Medicaid programs. Some drugs or classes of drugs may be excluded from coverage, including drugs for weight loss. As of January 2026, 13 states covered GLP-1s for obesity treatment under Medicaid. Beginning in 2022, California consolidated pharmacy benefits under one system called Medi-Cal Rx, where the state pays for all drug claims on a fee-for-service basis, including for people in Medi-Cal managed care plans. Because of significant growth in the state's pharmacy spending including for GLP-1 Agonists, in October 2025 pursuant to the enacted 2025-26 California state budget, Medi-Cal Rx announced that it will continue to cover GLP-1 medication when used for indications approved by the FDA, such as treating type 2 diabetes, atherosclerotic cardiovascular disease, and chronic kidney disease. Three drugs for weight loss or weight-loss indications would no longer be covered effective January 1, 2026. Coverage would continue for certain FDA-approved indications and for people younger than 21 years of age pursuant to the federal Early and Periodic Screening, Diagnostic, and Treatment benefit. The Budget Act of 2025

included General Fund savings of $85 million, increasing to $680 million annually by 2028-29 from the elimination of Medi-Cal coverage of GLP-1 drugs.

CalRx program currently produces Insulin Glargine at $55 for a five-pack of 3mLpens and leverages the state's purchasing power to buy naloxone at a reduced cost (twin pack of over-the-counter naloxone nasal spray for $19). CalRx also plans to launch a centralized ordering system to supply California schools with albuterol inhalers and single-use disposable spacers at no cost over a three-year period beginning this summer. At an April 9, 2026, Senate Budget Health and Human Services Subcommittee hearing HCAI's director indicated that GLP-1 antiobesity medications are among the drugs CalRx is considering for future inclusion.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Assembly Appropriations Committee, 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.

SUPPORT: (Verified 8/24/26)

American Diabetes Association
California Academy of Family Physicians
California Black Health Network
California Chronic Care Coalition
California Life Sciences
California Orthopedic Association
California Primary Care Association
California Rheumatology Alliance
Los Angeles County Medical Association
Los Angeles LGBT Center
One individual

OPPOSITION: (Verified 8/24/26)

1 individual

ARGUMENTS IN SUPPORT: The American Diabetes Association (ADA) writes that GLP-1 and GLP-1RA medications have proven transformative in the management of type 2 diabetes and obesity, improving blood glucose control,

reducing cardiovascular risk, and contributing to meaningful weight reduction, yet access to these medications remains severely limited for many Californians due to inconsistent insurance coverage. The ADA supports efforts that bring evidence-based, life-saving diabetes therapies within reach of all who need them—particularly those in low-income and working-class populations who face the greatest barriers to consistent care. The ADA indicates this bill aligns with their mission to prevent type 2 diabetes and to improve the lives of all people affected by it. California Primary Care Association (CPCA) Advocates write this bill is particularly important for community health centers and their patients. CPCA Advocates indicates the high cost of these drugs has placed them out of reach for many patients who are uninsured or underinsured. They write that this bill will help community health clinics provide more effective, evidence-based care.

ARGUMENTS IN OPPOSITION: An individual writing on behalf of the California Small Business Association writes to express opposition to "costly health care mandates that are threatening the sustainability of employer-sponsored health care coverage" and lists four bills including this bill.

Prepared by: Teri Boughton / HEALTH / (916) 651-4111
8/24/26 17:06:59

****** END ******