
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1199 (Weber Pierson) - Prescription drug cost sharing

Version: April 27, 2026

Urgency: No

Hearing Date: May 4, 2026

Policy Vote: HEALTH 9 - 0

Mandate: Yes

Consultant: Agnes Lee

Bill Summary: SB 1199 would require health plans and insurers to count certain amounts paid by the enrollee/insured for prescription drugs toward the enrollee's/insured's cost-sharing requirements, as specified.

Fiscal Impact:

- The Department of Managed Health Care (DMHC) estimates costs of approximately \$165,000 in 2026-27, \$537,000 in 2027-28, and \$501,000 in 2028-29 and annually thereafter for state administration (Managed Care Fund).
- The California Department of Insurance (CDI) estimates costs of \$7,000 in 2026-27 and \$19,000 in 2027-28 for state administration (Insurance Fund).
- Unknown ongoing General Fund costs, potentially low millions, due to increased CalPERS plan premiums.

Background:

Prescription Drug Copayment Adjustment Programs. According to the California Health Benefits Review Program (CHBRP), prescription drug copayment adjustment programs emerged as a benefit design in response to the potential for third-party financial assistance, such as drug manufacturer coupons, to affect patient cost-sharing requirements within a health plan. They are a type of pharmacy benefit design that limits how third-party financial assistance counts towards a patient's out-of-pocket costs. Specifically, they exclude the contributions made by a third party (such as a drug manufacturer coupon) from counting towards the health plan enrollee's out-of-pocket maximum or deductible.

State Prohibition on Prescription Drug Manufacturer Discounts. State law prohibits a person who manufactures a prescription drug, from offering in California a discount, repayment, product voucher, or other reduction in an individual's out-of-pocket expenses associated with the individual's health coverage, including but not limited to, a copayment, coinsurance, or deductible, for a prescription drug if:

- A lower cost generic drug is covered under the individual's health coverage on a lower cost-sharing tier that is designated to be therapeutically equivalent by the U.S. Food and Drug Administration (FDA), except as specified; or,
- The active ingredients of the drug are contained in FDA-regulated products that are available without a prescription at a lower cost and are not otherwise

contraindicated for treatment of the condition for which the prescription drug is approved.

Exceptions from the prohibitions above include:

- A discount, repayment, product voucher, or other payment to a patient or another person on the patient's behalf for a prescription drug required under an FDA Risk Evaluation and Mitigation Strategy for the purpose of monitoring or facilitating the use of that prescription drug in a manner consistent with the approved labeling of the prescription drug.
- A single-tablet drug regimen for treatment or prevention of HIV or AIDS that is as effective as a multitablet regimen, unless consistent with clinical guidelines and peer-reviewed scientific and medical literature, the multitablet regimen is clinically equally effective or more effective and is more likely to result in adherence to the drug regimen.
- When an individual has completed any applicable step therapy or prior authorization requirements for the branded prescription drug as mandated by the individual's health insurance, or other coverage.
- A discount, repayment, product voucher, or other reduction in an individual's out-of-pocket expenses that is not associated with his or her health coverage.
- Rebates received by a state agency.

Proposed Law: Specific provisions of the bill would:

- Require health plans and insurers, when calculating an enrollee's/insured's overall contribution to an out-of-pocket maximum or cost-sharing requirement, to count any amount paid by the enrollee/insured or on behalf of the enrollee/insured for a drug toward an enrollee's/insured's cost-sharing, including any form of direct support offered by drug manufacturers when permitted under existing law, except as specified; and require the amounts to be counted toward the annual limit on cost-sharing and the applicable in-network deductible.
- Authorize the CDI commissioner to assess an administrative penalty up to \$5,000 for each violation of these provisions, or, if a violation was willful, an administrative penalty up to \$10,000 for each violation.

Related Legislation: AB 2180 (Weber, 2024) included provisions related to applying enrollee/insured payments for prescription drugs toward cost-sharing requirements. The bill was held on the suspense file in the Assembly Appropriations Committee.

Staff Comments: According to the CHBRP analysis of SB 1199 (introduced version), the bill would increase total premiums paid by employers and enrollees for newly covered benefits by approximately \$354,536,000. This includes an increase in CalPERS employer premiums of \$16,357,000.