

SENATE THIRD READING

SB 418 (Menjivar)

As Amended July 9, 2025

2/3 vote. Urgency.

SUMMARY

Prohibits a health plan or health insurance subscriber, enrollee or policyholder from being excluded from enrollment or participation in, being denied the benefits of, or being subjected to discrimination by, any health plan or health insurer on the basis of race, color, national origin, age, disability, or sex. Requires a health plan contract or a health insurance policy and the Medi-Cal program to cover up to a 12-month supply of a Food and Drug Administration (FDA)-approved prescription hormone therapy, and the necessary supplies for self-administration, that is prescribed by a network provider within their scope of practice. Requires a pharmacist to dispense, at a patient's request, up to a 12-month supply of an FDA-approved prescription hormone therapy pursuant to a valid prescription that specifies an initial quantity followed by periodic refills.

Major Provisions

- 1) Defines "prescription hormone therapy" to mean all drugs approved by the FDA that are used to medically suppress, increase, or replace hormones that the body is not producing at intended levels, and the necessary supplies for self-administration.
- 2) Prohibits the Medi-Cal program and a health plan or health insurer subject to this bill from imposing utilization controls or other forms of medical management limiting the supply of an FDA-approved prescription hormone therapy that may be dispensed by a provider or pharmacist, or at a location licensed or otherwise authorized to dispense drugs or supplies to an amount that is less than a 12-month supply, and prohibits requiring an enrollee to make a formal request for coverage, other than a pharmacy claim.
- 3) Contains an urgency clause to ensure that the provisions of this bill go into immediate effect upon enactment.

COMMENTS

Section 1557 of the Affordable Care Act (ACA) provides that, except as otherwise provided in Title I of the ACA, an individual is prohibited from, on the grounds prohibited under Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, or Section 504 of the Rehabilitation Act of 1973, being excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any health program or activity, any part of which is receiving federal financial assistance. This anti-discrimination provision applies to health programs or activities administered by recipients of federal financial assistance from the federal Department of Health and Human Services (DHHS), DHHS-administered health programs or activities, and Title I entities that administer health programs or activities.

In 2020, the Supreme Court held in a decision that "discrimination on the basis of sex" under the federal Title VII, which prohibits discrimination in the workplace on the basis of race, color, religion, sex, or national origin, extends to discrimination on the basis of sexual orientation and gender identity. In 2021, in light of the Supreme Court's interpretation of the scope of

"discrimination on the basis of sex," DHHS announced that it "would interpret Section 1557's prohibition on sex discrimination to include (i) discrimination on the basis of sexual orientation and (ii) discrimination on the basis of gender identity." DHHS subsequently issued proposed amendments to the guidance for implementing Section 1557 in 2022, and issued a final rule in 2024. Several federal district court judges issued nationwide injunctions to prevent DHHS's interpretation of Section 1557 and its proposed rules from taking effect.

On January 28, 2025, President Trump issued Executive Order (EO) 14187, which states "it is the policy of the United States that it will not fund, sponsor, promote, assist, or support the so-called 'transition' of a child from one sex to another, and it will rigorously enforce all laws that prohibit or limit these destructive and life-altering procedures." EO 14187 directed the Secretary of DHHS, consistent with applicable law, to take all appropriate actions to end the "chemical and surgical mutilation of children," including regulatory and sub-regulatory actions, which may involve laws, programs, issues, or documents, including Medicare or Medicaid conditions of participation or conditions for coverage, clinical-abuse or inappropriate-use assessments relevant to State Medicaid programs, and Section 1557 of the ACA. EO 14187 also directed the Secretary of DHHS to promptly withdraw DHHS's Biden-era guidance from 2022, and directed the Secretary, in consultation with the Attorney General, to issue new guidance protecting whistleblowers who take action related to ensuring compliance with this order.

According to the Author

During the first month of the Trump Administration, the president issued EO 14187 which directed the Secretary of the federal Department of Health and Human Services (DHHS) to review the legality of Section 1557 of the ACA, which currently makes it unlawful for any health care provider who receives federal funding to refuse to treat an individual based on race, color, national origin, sex, age, or disability. Should this rule be removed, this bill would be crucial in supporting multiple vulnerable communities from discrimination.

The author also notes that, in the past couple of years, 70 clinics that provide gender-affirming care have closed, and recently, the largest provider for this essential health care in Los Angeles, the Children's Hospital of Los Angeles, will cease operating on July 22. The author argues essential care includes Hormone Replacement Therapy (HRT), which affects a large community of individuals, such as individuals undergoing cancer, transgender individuals, and individuals experiencing perimenopause, menopause, osteoporosis prevention, or other hormone deficiencies, to treat conditions like hyperthyroidism. The author states that, as the Trump Administration attempts to roll back essential protections, California needs to reaffirm these protections. With this bill, the author states we are taking a proactive step to codify these protections in state law to ensure health care access for all in California and provide a 12-month supply of hormone replacement therapy (HRT) in one lump sum due to the ever-changing nature of the federal administration.

Arguments in Support

This bill is jointly sponsored by the Women's Health Foundation, TransFamily Support Services, California LGBTQ Health and Human Services Network, Gender Justice LA, Planned Parenthood Affiliates of California, ¡PODER!, Public Health Advocates, and The TransLatin@ Coalition, which argue that, since his first day in office, President Trump has waged an unprecedented and coordinated effort to undermine access to essential health care for transgender Americans. The sponsors state that the Trump Administration has spread dangerous

misinformation about the safety and efficacy of gender-affirming care, attempted to restrict federal funding for hospitals and clinics that provide this care, and even threatened health care providers with criminal penalties simply for providing medically necessary care to transgender youth. These threats are not only chilling access to care, but also creating fear and uncertainty for patients, providers, and entire health care systems.

The sponsors state that, among the most harmful of these actions was EO 14187, which advanced blatantly false and misleading claims to restrict access to gender-affirming care for transgender youth. The order directed federal agencies to take a range of actions aimed at limiting care, including instructing the DHHS to reevaluate the legality of Section 1557 of the ACA. Federal agencies have since removed public information about these protections from government websites and accelerated efforts to restrict access to gender-affirming care, contributing to clinic closures and significant disruptions to care across the country.

The sponsors argue the consequences of these actions are already being felt in California. Children's Hospital of Los Angeles, one of the largest clinics for gender-affirming care in the country, recently announced it would cease operating its gender-affirming clinic on July 22, 2025, citing pressure from the Trump Administration. At the same time, providers such as St. John's Community Health, which operates a network of clinics to provide free and low-cost services in the Los Angeles area, had their grant of \$1.6 million for transgender health and support services terminated by the Centers for Disease Control and Prevention. The sponsors argue these developments are having real and devastating consequences, leaving thousands of transgender young people struggling to access medically necessary care.

The sponsors note that this bill responds to these threats by taking proactive steps to protect access to care in California, particularly for transgender people and others who have long faced discriminatory barriers to care. First, by enshrining Section 1557 of the ACA into state law, with explicit protections for sexual orientation and gender identity, this bill will ensure that California remains a leader in health care equity and provide greater legal certainty to health care providers and patients, reinforcing that discrimination has no place in California. This provision is critical not only for LGBTQ+ people and in particular transgender individuals, but also for non-English-speaking patients, women seeking reproductive care, people with disabilities, and other communities that have historically faced barriers to health care.

Second, this bill addresses a growing and urgent barrier to care of disruption in access to prescription hormone therapy. The sponsors argue that, as political attacks intensify and provider capacity shrinks, many patients are rationing or stockpiling medications to avoid treatment gaps. This bill also expands access to prescription hormone therapy by requiring pharmacists to dispense up to a 12-month supply and mandates that health plans, insurers and Medi-Cal cover these prescriptions based on a previous California law that allows pharmacists to dispense a 12-month supply of self-administered hormonal contraceptives. The sponsors argue this bill rightly applies this same model to prescription hormone therapy, helping patients maintain continuity of care while easing pressure on an overstretched health system. Supporters argue these protections will benefit not only transgender individuals, but also patients undergoing cancer treatment, those experiencing menopause, and others managing hormone-related conditions.

The sponsors conclude that safeguarding civil rights protections in health care and improving continuity of care for patients who rely on hormone therapy, provides a timely, strategic, and

urgently needed response to rising federal threats and real-world challenges affecting people's access to care.

Arguments in Opposition

This bill is opposed by several groups opposed to redefining sex discrimination and requiring insurance coverage for gender-affirming care. Californians United for Sex-Based Evidence in Policy and Law (CAUSE) argues this bill is intended to block EO 14187 by requiring insurance companies to not "discriminate" on the basis of "gender identity" which CAUSE argues is at best a legally constructed category and not a physical reality. CAUSE argues pretending that humans can change sex and facilitating these procedures is not health care, and is instead extreme and harmful body modification. CAUSE contends that these medical interventions lack scientific support and fail to reduce suicide risk. CAUSE also criticizes the bill's vague and expansive definition of "discrimination on the basis of sex," as deliberately vague and over-researching and only serves to undermine any necessary protections needed due to violation of civil rights on the basis of sex. CAUSE concludes that it is time to stop California's slide into the dark and bottomless pit of irrationality that is gender ideology, arguing that no child is born in the wrong body and it is profound abuse to try to make a child's body "fit: the way they behave or dress based on regressive stereotypes.

Women Are Real (WAR) writes in opposition that this bill dangerously redefines "sex" in the Health and Safety Code, and this conflicts with federal civil rights, and that this change undermines women's access to sex-specific health care, undermines targeted programs for women's health, skews medical data collection and erodes trust in medical institutions meant to safeguard biological realities in health care. WAR argues this bill strips health insurers of the ability to make reasonable good-faith decisions based on biological sex or clinical appropriateness and substitutes medical standards with ideological compliance. WAR concludes this bill compels coverage of transition-related procedures and denies health care providers and plans the ability to determine what is safe, appropriate or evidence-based and elevates self-declared identify over clinical standards and medical necessity.

FISCAL COMMENTS

According to the Assembly Appropriations Committee:

- 1) The Department of Managed Health Care (DMHC) estimates costs of approximately \$468,000 in fiscal year (FY) 2026-27, \$510,000 in FY 2027-28, and \$579,000 in 2028-29 and ongoing. DMHC expects most of these costs would result from the need to address an increased volume of complaints from enrollees and health care providers (Managed Care Fund).
- 2) The California Health Benefits Review Program (CHBRP) estimates annual costs to the Medi-Cal program of \$231,000 (General Fund, federal funds). If dispensing 12 months of hormone therapy is not consistent with federal Medicaid rules, federal financial participation might not be available and the entire Medi-Cal cost would be paid from the General Fund.
- 3) The Department of Insurance estimates costs of \$6,000 in FY 2025-26, and \$23,000 in FY 2026-27 (Insurance Fund).

- 4) CHBRP estimates California Public Employees Retirement System (CalPERS) premiums would increase by \$9,000 overall; approximately \$4,000 would be costs to the state (General Fund).
- 5) Minor and absorbable costs to the Board of Pharmacy.

VOTES

SENATE FLOOR: 28-10-2

YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares

ABS, ABST OR NV: Limón, Reyes

ASM HEALTH: 12-2-2

YES: Bonta, Addis, Aguiar-Curry, Caloza, Carrillo, Mark González, Krell, Patel, Celeste Rodriguez, Schiavo, Sharp-Collins, Stefani

NO: Chen, Sanchez

ABS, ABST OR NV: Flora, Patterson

ASM BUSINESS AND PROFESSIONS: 12-5-1

YES: Berman, Ahrens, Bains, Caloza, Elhawary, Haney, Irwin, Jackson, Krell, Lowenthal, Nguyen, Pellerin

NO: Flora, Alanis, Chen, Hadwick, Macedo

ABS, ABST OR NV: Bauer-Kahan

ASM APPROPRIATIONS: 11-4-0

YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache

NO: Sanchez, Dixon, Ta, Tangipa

UPDATED

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