

AMENDED IN SENATE MARCH 24, 2026

SENATE BILL

No. 1089

Introduced by Senator Richardson

February 13, 2026

An act to *add and repeal Section 22853.5 of the Government Code, and to amend Section 127693 of, and to add Sections 1374.6 and 130514 to, of the Health and Safety Code, to add Section 10123.62 to the Insurance Code, and to add Section 2805 to the Labor Code*, relating to health.

LEGISLATIVE COUNSEL'S DIGEST

SB 1089, as amended, Richardson. Preventive *Treatment Health* Care Act.

(1) Existing law requires the California Health and Human Services Agency (*CHHSA*) to enter into partnerships resulting in the production of generic prescription drugs, including at least one form of insulin made available at production and dispensing costs, if one does not already exist in the market. Existing law requires the insulin production partnership to consider guaranteeing priority access to insulin supply for the state.

This bill, the Preventive *Treatment Health* Care Act, would require the above-described partnerships to also include the ~~production of at least one acquisition of brand name prescription drugs and the acquisition or production of pens, vial injections, pills, and patches of~~ glucagon-like peptide-1 (GLP-1) ~~or semaglutide~~, GLP-1 receptor agonist (~~GLP-1RA~~) (*GLP-1RA*), glucose-dependent insulinotropic polypeptide plus GLP-1 (*GIP+GLP-1*) tirzepatide, and future chronic weight disease products made available at production and dispensing costs and to consider guaranteeing priority access to ~~GLP-1 or GLP-1RA~~

semaglutide, GLP-1RA, GIP+GLP-1 tirzepatide, and future chronic weight disease products supply for the state.

~~(2) Existing law requires the State Department of Health Care Services to negotiate drug discount agreements with drug manufacturers and to encourage manufacturers to maintain private discount drug programs.~~

~~This bill would authorize an employer with 100 or more employees to negotiate directly with a drug manufacturer to provide a discount for a GLP-1 or GLP-1RA.~~

~~(3) Existing law sets forth the obligations of an employer in the employment relationship with an employee.~~

~~This bill would require an employer with 100 or more to offer its employees access to exercise programs, gym memberships, or both, nutrition programs, and coverage for a GLP-1 or GLP-1RA.~~

~~(4) Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care, and makes a willful violation of the act a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law sets forth specified coverage requirements for plan contracts and insurance policies.~~

~~This bill would require a large group health care service plan contract or health insurance policy issued, amended, or renewed on or after January 1, 2027, to cover weight loss as a medical condition. The bill would require a health care service plan contract that provides coverage for outpatient prescription drug benefits and is issued, amended, or renewed on or after January 1, 2027, to include coverage for at least one antiobesity medication approved by the United States Food and Drug Administration. Because a willful violation of these provisions by a health care service plan would be a crime, the bill would impose a state-mandated local program.~~

~~(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

~~(2) Existing law authorizes the Board of Administration of the Public Employees' Retirement System to contract with carriers to provide health benefit plans and contracts for employees and annuitants.~~

Existing law sets forth specified coverage requirements for these health benefit plans and contracts.

Commencing January 1, 2027, until January 1, 2032, this bill would require a health benefit plan or contract offered to public employees and annuitants to offer optional coverage for weight loss management, including nutritional information and GLP-1 semaglutide, GLP-1RA, GIP+GLP-1 tirzepatide, and future chronic weight disease products as part of one of its health plan options. The bill would specify cost and usage requirements for these covered chronic weight disease management items. The bill would require CHHSA to make chronic weight disease management medications available to state and local government employers, and to determine if chronic weight disease management medications should be made available to all Californians, at the costs for which they are available under a Public Employees' Retirement System health benefit plan or contract.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: *yes-no*.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be known, and may be cited, as the
- 2 *Preventive Treatment Health Care Act.*
- 3 ~~SEC. 2. Section 1374.6 is added to the Health and Safety Code,~~
- 4 ~~to read:~~
- 5 ~~1374.6. (a) A large group health care service plan contract~~
- 6 ~~issued, amended, or renewed on or after January 1, 2027, shall~~
- 7 ~~cover weight loss as a medical condition.~~
- 8 ~~(b) A large group health care service plan contract that provides~~
- 9 ~~coverage for outpatient prescription drug benefits and is issued,~~
- 10 ~~amended, or renewed on or after January 1, 2027, shall include~~
- 11 ~~coverage for at least one FDA-approved antiobesity medication.~~
- 12 ~~(c) This section does not prohibit a plan from applying utilization~~
- 13 ~~management to determine the medical necessity for weight loss~~
- 14 ~~under this section if appropriateness and medical necessity~~
- 15 ~~determinations are made in the same manner as those~~
- 16 ~~determinations are made for the treatment of any other illness,~~
- 17 ~~condition, or disorder covered by a contract.~~
- 18 ~~(d) Coverage criteria for FDA-approved antiobesity medications~~
- 19 ~~shall not be more restrictive than the FDA-approved indications~~
- 20 ~~for those treatments.~~

1 ~~(e) For purposes of this section, “FDA-approved antiobesity~~
2 ~~medication” means a medication approved by the United States~~
3 ~~Food and Drug Administration with an indication for chronic~~
4 ~~weight management in patients with obesity.~~

5 ~~(f) This section does not apply to a specialized health care~~
6 ~~service plan contract that covers only dental or vision benefits or~~
7 ~~a Medicare supplement contract.~~

8 ~~(g) This section does not limit existing prescription drug~~
9 ~~coverage requirements, including the requirements of Section~~
10 ~~1300.67.24 of Title 28 of the California Code of Regulations.~~

11 *SEC. 2. The Legislature finds and declares all of the following:*

12 *(a) There are approximately 30,000,000 adults 18 years of age*
13 *and older living in California.*

14 *(b) (1) According to the University of California, Los Angeles,*
15 *California Health Interview Survey, nearly 61 percent of, or more*
16 *than 24,500,000, California adults 18 to 64 years of age, inclusive,*
17 *are suffering from chronic weight disease, thereby falling into the*
18 *combined overweight or obese category.*

19 *(2) The body mass index (BMI) is a formula that screens for*
20 *excess weight relative to height.*

21 *(3) The federal Centers for Disease Control and Prevention*
22 *classifies weight into six categories. The BMI formula used is*
23 *categorized as follows:*

24		
25	<i>Underweight</i>	<i>BMI below 18.5</i>
26	<i>Healthy weight</i>	<i>BMI 18.5 to 24.9</i>
27	<i>Overweight</i>	<i>BMI 25.0 to 29.9</i>
28	<i>Class 1 Obesity</i>	<i>BMI 30.0-34.9</i>
29	<i>Class 2 Obesity</i>	<i>BMI 35.0 to 39.9</i>
30	<i>Class 3 Obesity</i>	<i>BMI 40.0 and above</i>

31
32 *(4) Further, BMI is measured to determine risk for*
33 *weight-related disease often associated with a waist size of 35*
34 *inches or more in women and 40 inches or more in men.*

35 *(c) Californians with a greater determination of overweight*
36 *beyond a BMI higher than 30.0 are clinically described as obese,*
37 *which has increased from 19.3 percent in 2001 to over 29 percent*
38 *in 2023. Even more alarming, without prevention, obesity could*
39 *reach 41 percent by 2030 in California adults.*

1 (d) *Serious chronic weight disease with a BMI formula rating*
2 *over 30 is recognized as such by major medical organizations,*
3 *including the American Medical Association since 2013, the*
4 *American Association of Clinical Endocrinology, the American*
5 *College of Cardiology, the Endocrine Society, the American Society*
6 *for Reproductive Medicine, the Society for Cardiovascular*
7 *Angiography and Interventions, the American Urological*
8 *Association, and the American College of Surgeons.*

9 (e) (1) *Chronic weight disease extends beyond the need to lose*
10 *pounds but can also contribute to possible cancers and other*
11 *comorbidities. From 2005 to 2014, several cancers that may be*
12 *associated with chronic weight disease have increased in the*
13 *United States, while cancers associated with other health factors*
14 *decreased.*

15 (2) *Chronic weight disease reduces a patient's overall*
16 *cancer-specific survival rate, as well as increases the risk of cancer*
17 *recurrence.*

18 (3) *The 13 types of cancer related to chronic weight disease*
19 *are:*

20 (A) *Adenocarcinoma of the esophagus.*

21 (B) *Postmenopausal breast.*

22 (C) *Colon and rectal, or colorectal.*

23 (D) *Endometrial of the uterus.*

24 (E) *Gallbladder.*

25 (F) *Gastric cardia, or upper stomach.*

26 (G) *Renal cell carcinoma of the kidney.*

27 (H) *Liver.*

28 (I) *Ovarian.*

29 (J) *Pancreatic.*

30 (K) *Thyroid.*

31 (L) *Meningioma, a type of brain cancer.*

32 (M) *Multiple myeloma, a blood cancer.*

33 (4) *Chronic weight disease is associated with an increased risk*
34 *of more than 200 comorbid conditions. Some of those conditions*
35 *are:*

36 (A) *Type 2 diabetes.*

37 (B) *High blood pressure.*

38 (C) *Heart disease.*

39 (D) *Stroke.*

40 (E) *Metabolic syndrome.*

1 (F) Fatty liver diseases.

2 (G) Other types of cancers.

3 (H) Breathing problems.

4 (I) Osteoarthritis.

5 (J) Gout.

6 (K) Diseases of the gallbladder and pancreas.

7 (L) Kidney disease.

8 (M) Pregnancy problems.

9 (N) Fertility problems.

10 (O) Sexual function problems.

11 (P) Mental health problems.

12 (f) (1) In addition to individual health impacts of chronic weight
13 disease, employee productivity and contributions to California's
14 economy are impacted by the prevention and management of
15 chronic weight disease.

16 (2) Chronic weight disease can be related to reduced labor
17 participation and earnings and increased early mortality,
18 absenteeism, disability, and health care costs exceeding \$1 billion
19 and a 2.6-percent reduction in the California gross domestic
20 product.

21 (g) Barriers to the reduction, maintenance, or elimination of
22 chronic weight disease are essentially access and cost.

23 (h) This act is intended to increase access to the California
24 workforce, starting with state and local employees, to identify,
25 counsel, and treat chronic weight disease, and ensure treatments
26 available through the California Affordable Drug Manufacturing
27 Act of 2020, including pens, vial injections, pills, and patches of
28 glucagon-like peptide-1 (GLP-1) semaglutide, GLP-1 receptor
29 agonist (GLP-1RA), glucose-dependent insulinotropic polypeptide
30 plus GLP-1 (GIP+GLP-1) tirzepatide, and future chronic weight
31 disease products are available at the former Medi-Cal 2025 price,
32 most favored nation price, or a better price.

33 SEC. 3. Section 22853.5 is added to the Government Code, to
34 read:

35 22853.5. (a) Commencing January 1, 2027, a health benefit
36 plan or contract that contracts with the board pursuant to this
37 chapter shall offer optional coverage for chronic weight disease
38 management, including nutritional information and pens, vial
39 injections, pills, and patches of glucagon-like peptide-1 (GLP-1)
40 semaglutide, GLP-1 receptor agonist (GLP-1RA),

1 *glucose-dependent insulintropic polypeptide plus GLP-1*
2 *(GIP+GLP-1) tirzepatide, and future chronic weight disease*
3 *products, as part of one of its health plan options.*

4 *(b) Chronic weight disease management covered pursuant to*
5 *subdivision (a) shall be offered at the cost previously provided to*
6 *Medi-Cal beneficiaries in the year 2025 or the most favored nation*
7 *pricing, as set forth in federal Executive Order No. 14297 on May*
8 *12, 2025, or better pricing.*

9 *(c) Chronic weight disease management covered pursuant to*
10 *subdivision (a) shall follow United States Food and Drug*
11 *Administration label indications for usage.*

12 *(d) The California Health and Human Services Agency shall*
13 *make chronic weight disease management medications described*
14 *in subdivision (a) available to state and local government*
15 *employers, and shall determine if chronic weight disease*
16 *management medications described in subdivision (a) shall be*
17 *made available to all Californians, including enrollees and*
18 *insureds of licensed health care service plan contracts and health*
19 *insurance policies, at the cost described in subdivision (b).*

20 *(e) This section shall remain in effect only until January 1, 2032,*
21 *and as of that date is repealed.*

22 ~~SEC. 3.~~

23 *SEC. 4.* Section 127693 of the Health and Safety Code is
24 amended to read:

25 127693. (a) CHHSA shall enter into partnerships resulting in
26 the *acquisition of brand name prescription drugs or production,*
27 *procurement, or distribution of generic prescription drugs, with*
28 *the intent that these drugs be made widely available to public and*
29 *private purchasers, providers and suppliers as defined in*
30 *subdivision (b) of Section 1367.50, and pharmacies as defined in*
31 *Section 4037 of the Business and Professions Code, as appropriate.*
32 *The generic prescription drugs shall be produced or distributed by*
33 *a drug company or generic drug manufacturer that is registered*
34 *with the United States Food and Drug Administration.*

35 (b) (1) CHHSA shall only enter into partnerships pursuant to
36 subdivision (a) *to acquire brand name prescription drugs or to*
37 *produce a generic prescription drug at a price that results in savings,*
38 *targets failures in the market for generic drugs, or improves patient*
39 *access to affordable medications.*

1 (2) For top drugs identified pursuant to the criteria listed in
2 paragraph (5), CHHSA shall determine if viable pathways exist
3 for partnerships to manufacture, procure, or distribute generic
4 prescription drugs by examining the relevant legal, market, policy,
5 and regulatory factors.

6 (3) CHHSA shall consider the following, if applicable, when
7 setting the price of *an acquired brand name prescription drug or*
8 *a generic prescription drug:*

9 (A) United States Food and Drug Administration user fees.

10 (B) Abbreviated new drug application acquisition costs
11 amortized over a five-year period.

12 (C) Mandatory rebates.

13 (D) Total contracting and production costs for the drug,
14 including a reasonable amount for administrative, operating, and
15 rate-of-return expenses of the drug company or generic drug
16 manufacturer.

17 (E) Research and development costs attributed to the drug over
18 a five-year period.

19 (F) Other initial start-up costs amortized over a five-year period.

20 (G) *The cost previously provided to Medi-Cal beneficiaries in*
21 *the year 2025 or a lower cost.*

22 (H) *The cost previously provided as the most favored nation*
23 *pricing as set forth in federal Executive Order No. 14297 on May*
24 *12, 2025.*

25 (4) Each drug shall be made available to providers, patients,
26 and purchasers, as appropriate, at a transparent price and without
27 rebates, other than federally required rebates.

28 (5) CHHSA shall prioritize the selection of *brand name and*
29 *generic prescription drugs* that have the greatest impact on lowering
30 drug costs to patients, increasing competition and addressing
31 shortages in the prescription drug market, improving public health,
32 or reducing the cost of prescription drugs to public and private
33 purchasers.

34 (c) (1) In identifying *brand name prescription drugs to be*
35 *acquired or generic prescription drugs to be produced*, CHHSA
36 shall consider the report produced by the Department of Managed
37 Health Care pursuant to subdivision (b) of Section 1367.243, the
38 report produced by the Department of Insurance pursuant to
39 subdivision (b) of Section 10123.205 of the Insurance Code, and
40 pharmacy spending data from Medi-Cal and other entities for

1 which the state pays the cost of *brand name or generic* prescription
2 drugs.

3 (2) The partnerships entered into pursuant to subdivision (a)
4 shall include the production of at least one form of insulin *and the*
5 *acquisition or production of pens, vial injections, pills, and patches*
6 *of glucagon-like peptide-1 (GLP-1) semaglutide, GLP-1 receptor*
7 *agonist (GLP-1RA), glucose-dependent insulintropic polypeptide*
8 *plus GLP-1 (GIP+GLP-1) tirzepatide, and future chronic weight*
9 *disease products* made available at production and dispensing
10 costs, if one does not already exist in the market. Dispensing costs
11 may include related expenses such as transportation, distribution,
12 and market operations. Any partnership shall also consider:

13 (A) Guaranteeing priority access to insulin supply *and supply*
14 *of pens, vial injections, pills, and patches of GLP-1 semaglutide,*
15 *GLP-1RA, GIP+GLP-1 tirzepatide, and future chronic weight*
16 *disease products* for the state.

17 (B) Guaranteeing the manufacture of at least four high-priority
18 drugs for California, as identified pursuant to paragraph (5) of
19 subdivision (b).

20 (C) Creating a state brand identifying biosimilar ~~insulin~~ *insulin,*
21 *pens, vial injections, pills, and patches of GLP-1 semaglutide,*
22 *GLP-1RA, GIP+GLP-1 tirzepatide, and future chronic weight*
23 *disease products,* and generic prescription drugs sold in California
24 under this section.

25 ~~(3) The partnerships entered into pursuant to subdivision (a)~~
26 ~~shall include the production of at least one glucagon-like peptide-1~~
27 ~~(GLP-1) or GLP-1 receptor agonist (GLP-1RA) made available~~
28 ~~at production and dispensing costs, if one does not already exist~~
29 ~~in the market. Dispensing costs may include related expenses such~~
30 ~~as transportation, distribution, and market operations. Any~~
31 ~~partnership shall also consider guaranteeing priority access to~~
32 ~~GLP-1 or GLP-1RA supply for the state.~~

33 (4)

34 (3) CHHSA shall prioritize drugs for chronic and high-cost
35 conditions, and shall consider prioritizing those that can be
36 delivered through mail order.

37 (d) CHHSA shall consult with all of the following public and
38 private purchasers, as appropriate, to develop a list of generic
39 prescription drugs to be ~~manufactured~~ *acquired, manufactured,* or
40 distributed through partnerships:

1 (1) The Public Employees’ Retirement System, the State
 2 Department of Health Care Services, the California Health Benefit
 3 Exchange (Covered California), the State Department of Public
 4 Health, the Department of General Services, and the Department
 5 of Corrections and Rehabilitation, or the entities acting on behalf
 6 of each of those state purchasers.

7 (2) Licensed health care service plans.

8 (3) Health insurers holding a valid outstanding certificate of
 9 authority from the Insurance Commissioner.

10 (4) Hospitals.

11 (e) Before effectuating a partnership pursuant to this section,
 12 CHHSA shall consider the volume of each *brand name prescription*
 13 *drug or* generic prescription drug over a multiyear period to support
 14 a market for a lower cost generic prescription drug, if volume is
 15 an important factor in driving down the cost of the drug. For
 16 partnerships involving procurement, CHHSA shall determine
 17 minimum thresholds for procurement of an entity’s expected
 18 volume of a targeted drug from the company or manufacturer over
 19 a defined target period. In making advance commitments, CHHSA
 20 may consult with the Statewide Pharmaceutical Program and the
 21 California Pharmaceutical Collaborative.

22 (f) The listed entities in paragraphs (2) to (4), inclusive, of
 23 subdivision (d) shall not be required to purchase prescription drugs
 24 from CHHSA or entities that contract or partner with CHHSA
 25 pursuant to this chapter.

26 (g) CHHSA shall not be required to consult with every entity
 27 listed in paragraphs (2) to (4), inclusive, of subdivision (d), so long
 28 as purchaser engagement includes a reasonable representation from
 29 these groups.

30 (h) Any partnership entered into pursuant to this section may
 31 include representation and involvement with the governance of
 32 the contractor entity.

33 ~~SEC. 4. Section 130514 is added to the Health and Safety Code,~~
 34 ~~immediately following Section 130513, to read:~~

35 ~~130514. An employer with 100 or more employees may~~
 36 ~~negotiate directly with a drug manufacturer to provide a discount~~
 37 ~~for a glucagon-like peptide-1 (GLP-1) or GLP-1 receptor agonist.~~

38 ~~SEC. 5. Section 10123.62 is added to the Insurance Code, to~~
 39 ~~read:~~

1 ~~10123.62. (a) A large group health insurance policy issued,~~
2 ~~amended, or renewed on or after January 1, 2027, shall cover~~
3 ~~weight loss as a medical condition.~~

4 ~~(b) This section does not apply to a specialized health insurance~~
5 ~~policy that covers only dental or vision benefits or a Medicare~~
6 ~~supplement policy.~~

7 ~~SEC. 6. Section 2805 is added to the Labor Code, to read:~~

8 ~~2805. An employer with 100 or more employees shall offer its~~
9 ~~employees access to all of the following:~~

10 ~~(a) Exercise programs, gym memberships, or both.~~

11 ~~(b) Nutrition services.~~

12 ~~(c) Coverage for a glucagon-like peptide-1 (GLP-1) or GLP-1~~
13 ~~receptor agonist.~~

14 ~~SEC. 7. No reimbursement is required by this act pursuant to~~
15 ~~Section 6 of Article XIII B of the California Constitution because~~
16 ~~the only costs that may be incurred by a local agency or school~~
17 ~~district will be incurred because this act creates a new crime or~~
18 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
19 ~~for a crime or infraction, within the meaning of Section 17556 of~~
20 ~~the Government Code, or changes the definition of a crime within~~
21 ~~the meaning of Section 6 of Article XIII B of the California~~
22 ~~Constitution.~~