

Introduced by Senator Richardson

February 13, 2026

An act to amend Section 127693 of, and to add Sections 1374.6 and 130514 to, 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 introduced, Richardson. Preventive Care Act.

(1) Existing law requires the California Health and Human Services Agency 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 Care Act, would require the above-described partnerships to also include the production of at least one glucagon-like peptide-1 (GLP-1) or GLP-1 receptor agonist (GLP-1RA) made available at production and dispensing costs and to consider guaranteeing priority access to GLP-1 or GLP-1RA 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.

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

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 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,

1 amended, or renewed on or after January 1, 2027, shall include
2 coverage for at least one FDA-approved antiobesity medication.

3 (c) This section does not prohibit a plan from applying utilization
4 management to determine the medical necessity for weight loss
5 under this section if appropriateness and medical necessity
6 determinations are made in the same manner as those
7 determinations are made for the treatment of any other illness,
8 condition, or disorder covered by a contract.

9 (d) Coverage criteria for FDA-approved antiobesity medications
10 shall not be more restrictive than the FDA-approved indications
11 for those treatments.

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

16 (f) This section does not apply to a specialized health care
17 service plan contract that covers only dental or vision benefits or
18 a Medicare supplement contract.

19 (g) This section does not limit existing prescription drug
20 coverage requirements, including the requirements of Section
21 1300.67.24 of Title 28 of the California Code of Regulations.

22 SEC. 3. Section 127693 of the Health and Safety Code is
23 amended to read:

24 127693. (a) CHHSA shall enter into partnerships resulting in
25 the production, procurement, or distribution of generic prescription
26 drugs, with the intent that these drugs be made widely available
27 to public and private purchasers, providers and suppliers as defined
28 in subdivision (b) of Section 1367.50, and pharmacies as defined
29 in Section 4037 of the Business and Professions Code, as
30 appropriate. The generic prescription drugs shall be produced or
31 distributed by a drug company or generic drug manufacturer that
32 is registered with the United States Food and Drug Administration.

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

37 (2) For top drugs identified pursuant to the criteria listed in
38 paragraph (5), CHHSA shall determine if viable pathways exist
39 for partnerships to manufacture, procure, or distribute generic

1 prescription drugs by examining the relevant legal, market, policy,
2 and regulatory factors.

3 (3) CHHSA shall consider the following, if applicable, when
4 setting the price of a generic prescription drug:

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

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

8 (C) Mandatory rebates.

9 (D) Total contracting and production costs for the drug,
10 including a reasonable amount for administrative, operating, and
11 rate-of-return expenses of the drug company or generic drug
12 manufacturer.

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

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

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

19 (5) CHHSA shall prioritize the selection of generic prescription
20 drugs that have the greatest impact on lowering drug costs to
21 patients, increasing competition and addressing shortages in the
22 prescription drug market, improving public health, or reducing the
23 cost of prescription drugs to public and private purchasers.

24 (c) (1) In identifying generic prescription drugs to be produced,
25 CHHSA shall consider the report produced by the Department of
26 Managed Health Care pursuant to subdivision (b) of Section
27 1367.243, the report produced by the Department of Insurance
28 pursuant to subdivision (b) of Section 10123.205 of the Insurance
29 Code, and pharmacy spending data from Medi-Cal and other
30 entities for which the state pays the cost of generic prescription
31 drugs.

32 (2) The partnerships entered into pursuant to subdivision (a)
33 shall include the production of at least one form of insulin made
34 available at production and dispensing costs, if one does not already
35 exist in the market. Dispensing costs may include related expenses
36 such as transportation, distribution, and market operations. Any
37 partnership shall also consider:

38 (A) Guaranteeing priority access to insulin supply for the state.

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

4 (C) Creating a state brand identifying biosimilar insulin and
5 generic prescription drugs sold in California under this section.

6 *(3) The partnerships entered into pursuant to subdivision (a)*
7 *shall include the production of at least one glucagon-like peptide-1*
8 *(GLP-1) or GLP-1 receptor agonist (GLP-1RA) made available*
9 *at production and dispensing costs, if one does not already exist*
10 *in the market. Dispensing costs may include related expenses such*
11 *as transportation, distribution, and market operations. Any*
12 *partnership shall also consider guaranteeing priority access to*
13 *GLP-1 or GLP-1RA supply for the state.*

14 ~~(3)~~

15 (4) CHHSA shall prioritize drugs for chronic and high-cost
16 conditions, and shall consider prioritizing those that can be
17 delivered through mail order.

18 (d) CHHSA shall consult with all of the following public and
19 private purchasers, as appropriate, to develop a list of generic
20 prescription drugs to be manufactured or distributed through
21 partnerships:

22 (1) The Public Employees' Retirement System, the State
23 Department of Health Care Services, the California Health Benefit
24 Exchange (Covered California), the State Department of Public
25 Health, the Department of General Services, and the Department
26 of Corrections and Rehabilitation, or the entities acting on behalf
27 of each of those state purchasers.

28 (2) Licensed health care service plans.

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

31 (4) Hospitals.

32 (e) Before effectuating a partnership pursuant to this section,
33 CHHSA shall consider the volume of each generic prescription
34 drug over a multiyear period to support a market for a lower cost
35 generic prescription drug, if volume is an important factor in
36 driving down the cost of the drug. For partnerships involving
37 procurement, CHHSA shall determine minimum thresholds for
38 procurement of an entity's expected volume of a targeted drug
39 from the company or manufacturer over a defined target period.
40 In making advance commitments, CHHSA may consult with the

1 Statewide Pharmaceutical Program and the California
2 Pharmaceutical Collaborative.

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

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

11 (h) Any partnership entered into pursuant to this section may
12 include representation and involvement with the governance of
13 the contractor entity.

14 SEC. 4. Section 130514 is added to the Health and Safety Code,
15 immediately following Section 130513, to read:

16 130514. An employer with 100 or more employees may
17 negotiate directly with a drug manufacturer to provide a discount
18 for a glucagon-like peptide-1 (GLP-1) or GLP-1 receptor agonist.

19 SEC. 5. Section 10123.62 is added to the Insurance Code, to
20 read:

21 10123.62. (a) A large group health insurance policy issued,
22 amended, or renewed on or after January 1, 2027, shall cover
23 weight loss as a medical condition.

24 (b) This section does not apply to a specialized health insurance
25 policy that covers only dental or vision benefits or a Medicare
26 supplement policy.

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

28 2805. An employer with 100 or more employees shall offer its
29 employees access to all of the following:

30 (a) Exercise programs, gym memberships, or both.

31 (b) Nutrition services.

32 (c) Coverage for a glucagon-like peptide-1 (GLP-1) or GLP-1
33 receptor agonist.

34 SEC. 7. No reimbursement is required by this act pursuant to
35 Section 6 of Article XIII B of the California Constitution because
36 the only costs that may be incurred by a local agency or school
37 district will be incurred because this act creates a new crime or
38 infraction, eliminates a crime or infraction, or changes the penalty
39 for a crime or infraction, within the meaning of Section 17556 of
40 the Government Code, or changes the definition of a crime within

1 the meaning of Section 6 of Article XIII B of the California
2 Constitution.

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