Senate Bill 1199 (2026)
Prescription Drug Cost Sharing
Analysis at a Glance

as introduced on 2/19/2026

Bill Summary

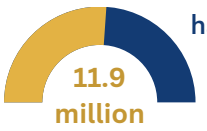
SB 1199 would prohibit "copay adjustment programs," which are benefit designs that exclude third-party financial assistance from contributing towards a patient's in-network deductible or annual OOP maximums.

Medical Effectiveness

Some evidence that copayment adjustment programs impact utilization of prescription drugs. Specific impacts depend on multiple factors such as drug type, type of copayment adjustment program, and other factors.

Insurance Subject to the Mandate

Of 22.8M enrollees in state-regulated health insurance in California...



11.9M would have insurance subject to SB 1199

- ☑ CDI and DMHC-regulated (Commercial and CalPERS)
- ☒ Medi-Cal

California Health Benefits Review Program (CHBRP), California Department of Insurance (CDI), California Department of Managed Health Care (DMHC), Essential Health Benefits (EHBs), Out-of-pocket (OOP), Senate Bill (SB)

Context

Copayment adjustment programs arise from divergent economic interests between drug manufacturers and payers over high-cost specialty drugs. Rising specialty drug costs have increased patient OOP expenses, prompting the creation of third-party financial assistance programs. Copayment adjustment programs emerged as a benefit design response, limiting how third-party financial assistance counts toward patient deductibles and OOP maximums.

BASELINE:

Copayment Adjustment Programs + ~~Third party financial assistance counts towards OOP max~~ = OOP maximum reached *later* in year or not at all, depending on the program + ~~Use of additional health care services~~

POSTMANDATE:

~~Copayment Adjustment Programs~~ + Third party financial assistance counts towards OOP max = OOP maximum reached *earlier* in year + Use of additional health care services

Postmandate, some enrollees would reach their **OOP maximum earlier** in the year and utilize services that they would not have used prior to enactment of SB 1199; these **additional services** would be fully paid for by health plans/insurers.

Benefit Coverage and Expenditures

Postmandate, CHBRP estimates **44,300 enrollees** would have third-party financial assistance for **253,800 prescriptions** applied to their annual cost sharing requirements.

+$355M annual increase in total premiums, including a $9.5M increase due to utilization of other health care services by enrollees after hitting their annual OOP maximum earlier per SB 1199.

$530 to $2,600 in annual OOP savings per enrollee utilizing SB 1199-impacted drugs, depending on market segment

Public Health Impacts

- Copayment adjustment programs **unevenly** affect **non-White patient populations**
- Removing these programs would **remove disparities related to enrollment** in these programs

Long-Term Impacts

- SB 1199 would likely **increase** specialty drug use and enrollee premiums in the long-term
- Some health plans may remove some specialty drugs from formularies or **reclassify** them as **non-EHBs** (large group)