



Gray Skies and Silver Linings – A California Legislative Update

by Faith Borges, CAHIP Lobbyist October 2025

As much of California receives its first heavy rains of the season, it's a fitting moment to reflect on the healthcare policy landscape under a similarly gray sky. While 2025 has brought significant challenges—devastating wildfires, a growing state budget deficit, and lingering uncertainty around federal premium tax credits—there are, encouragingly, several silver linings.

The legislative year began under difficult circumstances, and as we head into the final quarter, the road ahead remains uncertain. Congress has yet to extend enhanced premium subsidies under the American Rescue Plan, leaving millions of Californians unsure whether they'll be able to afford coverage in the upcoming open enrollment period. At the same time, both state and federal budgets are facing significant strain.

Yet amid this uncertainty, California policymakers largely rejected proposals that would have increased healthcare costs. Instead, several meaningful wins emerged—efforts that protect consumers while avoiding significant new premium pressures. Notably, many of these legislative outcomes support the guiding principles of the [National Association of Benefit and Insurance Professionals' Healthcare Bill of Rights](#), which champions access, affordability, transparency, and consumer protection. Below are a few key legislative outcomes from this session:

SB 40 – Signed into Law

SB 40 caps out-of-pocket costs for insulin at \$35 per month and limits the use of restrictive step-therapy policies. CAHIP supports efforts to make insulin more affordable for consumers, while also acknowledging the state's ongoing investment in the CalRx initiative—California's effort to manufacture lower-cost, state-branded insulin. Governor Newsom previously vetoed a similar bill in 2023, preferring the CalRx strategy over legislative cost caps. With SB 40 now law, the state is moving forward with both approaches.

SB 41 – Signed into Law

This landmark legislation introduces sweeping reforms to the regulation of Pharmacy Benefit Managers (PBMs). CAHIP supports the bill's goal of increasing transparency and affordability. However, the legislation also challenges long-standing PBM mechanisms, with potential implications for plan design, provider networks, and pricing strategies. Key provisions include bans on spread pricing and pharmacy steering—issues that will require close monitoring as implementation begins.

SB 351 – Signed into Law

SB 351 prohibits private equity groups or hedge funds involved with physician or dental practices from interfering in clinical decisions. Specifically, the bill safeguards the independent medical and professional judgment of physicians and dentists and empowers the Attorney General to seek injunctive relief in cases of violation. This law reinforces a core tenet of the health care system: that patient care decisions must remain in the hands of qualified medical professionals—not driven by financial interests.

SB 257 – Vetoed

This bill would have prohibited health plans from denying, limiting, or seeking reimbursement for maternity, newborn, or pediatric services when the insured is acting as a gestational carrier. It also proposed to establish pregnancy as a qualifying life event for special enrollment in the individual market. While CAHIP supports efforts to expand access and promote equity, we expressed concern about the broader implications of allowing enrollment after a costly medical event has already begun—potentially undermining the foundational principle of insurance as protection against *unforeseen* risks.

For more information on these and other priority bills, CAHIP members can access our [2025 Priority Bill List](#). Be sure to note that several key measures have been designated as *two-year bills*, which will remain eligible for action when the Legislature reconvenes in January. CAHIP will be highlighting these bills in our next issue.

Final Thoughts

In times like these, the need for licensed health insurance agents has never been greater. The expertise and dedication you bring to your clients—helping them navigate a constantly shifting policy and financial landscape—are essential. **You are the light in the storm.**

Thank you for all that you do. As Q4 unfolds and new information becomes available around plan rates, tax credit extensions, and enrollment updates, CAHIP will continue to keep you informed - **rain or shine.**

Best wishes for a successful and impactful open enrollment season.