STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 03/25)

Fiscal Year	Business Unit Number	Department
2026-2027	4140	Department of Health Care Access and Information

Hyperion Budget Request Name	Relevant Program or Subprogram
4140-098-BCP-2026-MR	3831-Health Care Quality and Affordability

Budget Request Title
CalRx Biosimilar Insulin Initiative Reappropriation

Budget Request Summary
The Department of Health Care Access and Information (HCAI) requests a reappropriation of up to $18.4 million General Fund ($18.3 million for local assistance and $105,000 for state operations) to continue development of low-cost interchangeable biosimilar insulins. HCAI also requests an extended encumbrance date of June 30, 2029.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed
☐ Trailer Bill Language ☒ Budget Bill Language ☐ N/A	N/A

Does this BCP contain information technology (IT) components? ☐ Yes ☒ No *If yes, departmental Chief Information Officer must sign.*	Department CIO	Date
	N/A	N/A

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. N/A **Approval Date:** N/A

Project Approval Document: N/A **Total Project Cost:** N/A

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By	Date	Reviewed By	Date
Dolly Kaushal	5/14/2026	Vishaal Pegany	5/14/2026
Department Director	**Date**	**Agency Secretary**	**Date**
Elizabeth Landsberg	5/14/2026	Kim Johnson	5/14/2026

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst	Date submitted to the Legislature
Joseph Donaldson	5/14/2026

A. Problem Statement

The 2022 Budget Act included a one-time $100.7 million General Fund appropriation to the Department of Health Care Access and Information (HCAI) for resources to develop low-cost interchangeable biosimilar insulins. Subsequently, in March 2023, HCAI contracted with Civica Rx to support the development and market entry of three biosimilar insulins at a single low, transparent price. To date, HCAI has encumbered the $50M General Fund appropriation for local assistance and has expended $31.7M in local assistance. Additionally, HCAI has encumbered $595,000 of the General Fund appropriation for state operations. The encumbrance and liquidation dates for both funding appropriations are June 30, 2026 and June 30, 2028, respectively. While the CalRx Biosimilar Insulin Initiative has made considerable progress and launched an affordable insulin glargine product on January 1, 2026, biosimilar drug development is a lengthy process. In order to continue the state's investment on an appropriate timeline, HCAI requests an extension of the encumbrance date to June 30, 2029 for the current balance of $18.4 million General Fund ($18.3 million for local assistance and $105,000 for state operations).

B. Justification

HCAI requests to extend the encumbrance date for the CalRx Biosimilar Insulin Initiative's current balance of $18.4M General Fund ($18.3M for local assistance and $105,000 for state operations) from June 30, 2026, to June 30, 2029. The timeline for developing three separate biosimilar insulin products (aspart, glargine, and lispro) will take longer than initially expected. The state's partner, Civica Rx, has experienced delays typical of the complex nature of biosimilar drug development. Bringing a biosimilar to market requires extensive manufacturing processes, analytical method development, rigorous quality oversight, and a series of necessary studies. A three-year extension to the encumbrance and liquidation dates would allow for the state's investment to continue on an appropriate timeline to offer long-term, low-cost biosimilar insulin options by a nonprofit company. Civica Rx is actively identifying ways to accelerate market entry, and HCAI would continue providing program oversight and approving milestone-based payments. With the launch of an insulin glargine product in January 2026, HCAI would also utilize the state operations funding to evaluate the program's impact on access and affordability.

C. Departmentwide and Statewide Considerations

HCAI's CalRx program implements Governor Newsom's strategy to lower prescription drug prices and increase access to essential medications for all Californians. CalRx's approach disrupts the traditional pharmaceutical market by producing biosimilar insulin at cost, with transparent pricing, reducing financial barriers particularly for uninsured or underinsured, and vulnerable populations.

D. Outcomes and Accountability

This technical adjustment enables the state, via its partner Civica Rx, to support market entry of three biosimilar insulins at drastically lower prices, resulting in increased access, improved diabetes management, and substantial savings for patients and state programs. The CalRx Biosimilar Insulin Initiative will make insulin available at approximately $30 per vial and $55 per five-pack of pens, which is up to 90% less than the current retail prices ($89–$411 according to the National Average Drug Acquisition Cost survey). A recent analysis found CalRx insulins would result in annual savings of $2,000–$4,000 for many patients.

To expedite the launch of an insulin glargine product, Civica Rx entered into a white (private) label agreement with an existing manufacturer, Biocon Biologics, to offer an FDA-approved insulin glargine pen at the same price of $55 per five-pack of pens beginning January 1, 2026. Consumers can ask their healthcare provider or pharmacist about switching to CalRx insulin

glargine without needing a new prescription, and any California pharmacy can order the product from the major pharmaceutical wholesaler suppliers. While this insulin glargine pen agreement with Biocon Biologics complements Civica's broader insulin development strategy, Civica continues its ongoing efforts to independently produce interchangeable biosimilar versions of insulin glargine and rapid-acting insulin, further solidifying a reliable and affordable insulin supply for Californians.

E. Implementation Plan

HCAI's contract with Civica Rx is already executed and the local assistance funds are already encumbered. Additionally, HCAI has already encumbered $595,000 of the state operations funds and the remaining $105,000 would be utilized for program evaluation of market entry of CalRx insulins. The extension of the encumbrance date enables the continuation of the State's investment on an appropriate timeline for ongoing biosimilar insulin development efforts.

F. Supplemental Information (If Applicable)

N/A

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: CalRx Biosimilar Insulin Initiative Reappropriation

BR Name: 4140-098-BCP-2026-MR

Budget Request Summary

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Expenditures	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total All Programs	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**