

2019 Large Group Aggregate Rates and Prescription Drug Costs



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Table of Contents

| | Page Number |
|--|-------------|
| Section I: Large Group Aggregate Rates and Prescription Drug Costs for Measurement Year 2019 | 1 |
| Section II: Large Group Rate Review Requirements | 34 |
| Section III: Summary of the Prescription Drug Cost Transparency Report for Measurement Year 2018 | 36 |

Section I: Large Group Aggregate Rates and Prescription Drug Costs for Measurement Year 2019

Requirements of Large Group Aggregate Rates and Prescription Drug Costs Reporting

Health plans that offer products in the large group market are required to file aggregate rate information with the DMHC by October 1, 2016, and annually thereafter. The information submitted on October 1, 2019, was for the period of January 1, 2019 – December 31, 2019.

The DMHC is required to conduct a public meeting bi-annually to permit a public discussion regarding changes in the rates, benefits and cost sharing in the large group market.

Health Plans are also required to include information in their notice of premium rate change indicating whether the rate change is greater than the average increase for CalPERS and Covered California.

| Year | Covered California | CalPERS |
|-------------|---------------------------|----------------|
| 2017 | 13.2% | 3.9% |
| 2018 | 21.1% | 2.5% |
| 2019 | 8.7% | 1.1% |
| 2020 | 0.8% | 5.1% |

What is Premium Rate?

Premium rate is the amount you or your employer pays for health coverage. Factors that impact large group premium rates include:

- Age
- Geography/Location
- Family size
- Occupation/Industry
- Health Status (historical experience and utilization of medical services)

Summary of 2019 Filing

- 24 Health Care Service Plans were required to file, including:
 - Seven Statewide plans
 - Ten Regional plans
 - Two Cross-Border plans
 - Five In-Home Supportive Services (IHSS) Plans
- Over 7.6 million enrollees in roughly 13,600 renewing groups are affected by the rate changes.
- Subsequent analysis excludes data for Cross-Border and IHSS Plans.

Average Rate Increase in the Large Group Market in 2019

| | Unadjusted Average Rate Increase | Adjusted Average Rate Increase | Number of Enrollees | Average Premium Per Member Per Month (PMPM) |
|---|---|---|--------------------------------|--|
| All Plans | 3.6% | 3.9% | 7,712,941 | \$500.70 |
| Kaiser | 2.9% | 3.1% | 5,186,211 | \$481.78 |
| All Plans Excluding Kaiser | 4.8% | 5.3% | 2,526,730 | \$539.36 |

Adjusted average rate increase adjusts for changes in such things as benefits, cost sharing, provider network, geographic rating area, and average age.

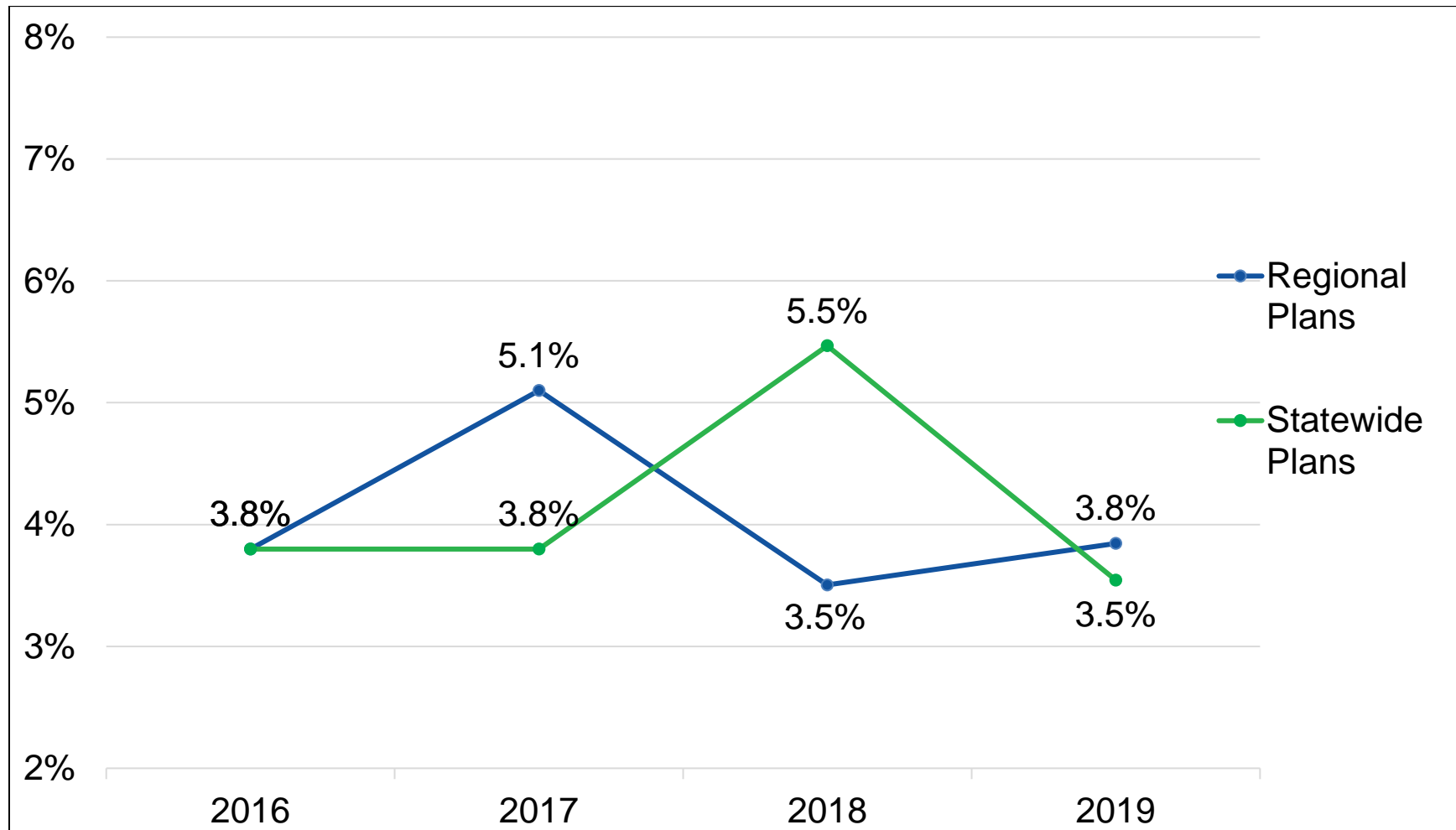
Average Rate Increase in the Large Group Market in 2019 – Statewide Health Plans

| Health Plan | Number of Renewing Groups | Number of Enrollees | Percentage of Large Group Total | Unadjusted Average Rate Increase | Adjusted Average Rate Increase | Average Premium |
|--------------------------|---------------------------|---------------------|---------------------------------|----------------------------------|--------------------------------|-----------------|
| Kaiser | 7,952 | 5,186,211 | 67.2% | 2.9% | 3.1% | \$481.78 |
| Anthem Blue Cross | 1,918 | 1,009,232 | 13.1% | 4.7% | 6.1% | \$535.88 |
| Blue Shield | 917 | 459,799 | 6.0% | 4.4% | 3.9% | \$546.30 |
| Health Net | 423 | 288,020 | 3.7% | 3.6% | 4.5% | \$559.40 |
| United Health | 472 | 264,877 | 3.4% | 7.2% | 7.1% | \$544.17 |
| Aetna Health | 582 | 127,427 | 1.7% | 6.2% | 6.7% | \$488.91 |
| Cigna Healthcare | 293 | 117,158 | 1.5% | 4.6% | 3.9% | \$546.07 |
| Total | 12,557 | 7,452,724 | 96.6% | 3.5% | 3.9% | \$499.43 |

Average Rate Increase in the Large Group Market in 2019 – Regional Health Plans

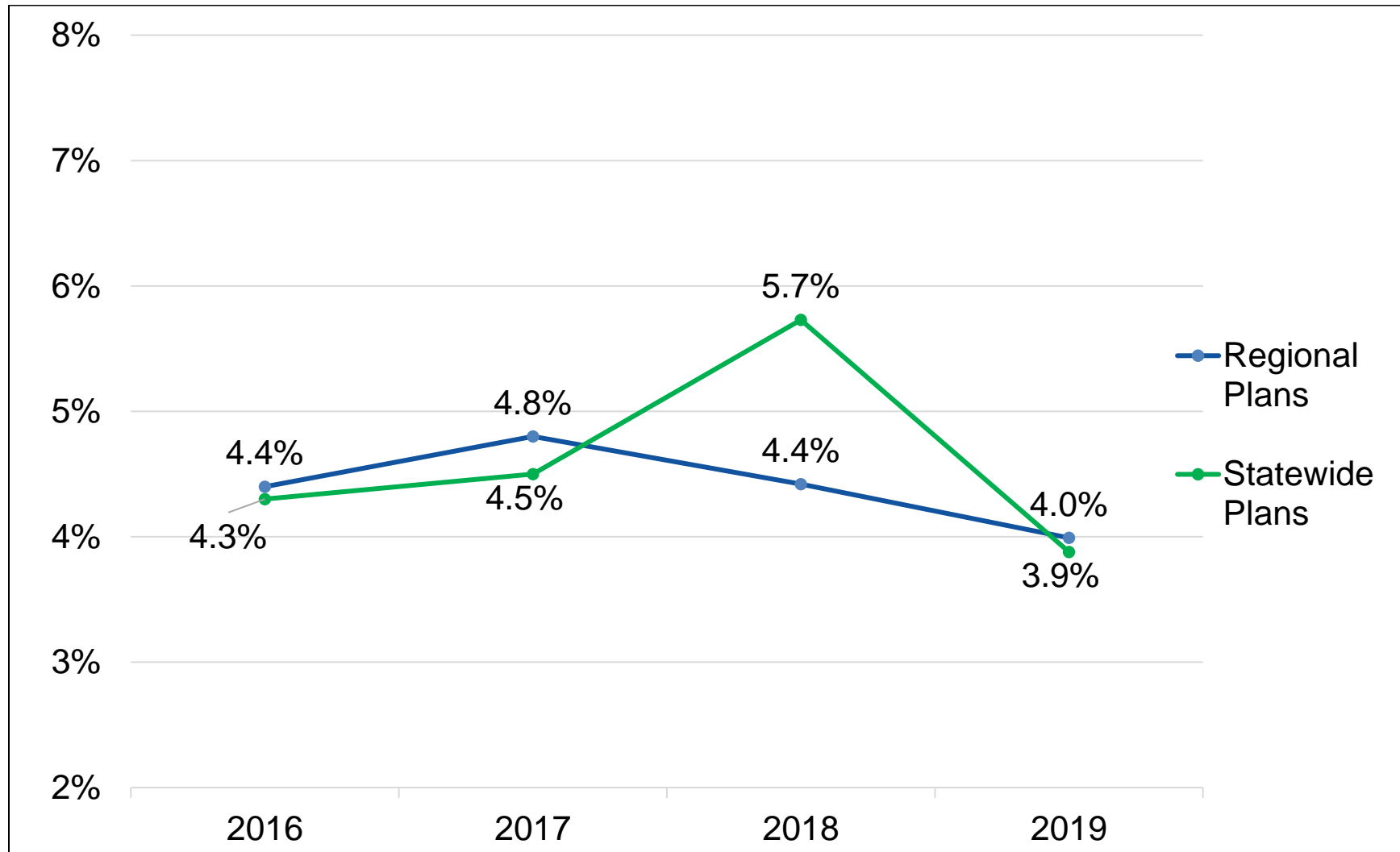
| Health Plan | Number of Renewing Groups | Number of Enrollees | Percentage of Large Group Total | Unadjusted Average Rate Increase | Adjusted Average Rate Increase | Average Premium |
|----------------------------|---------------------------|---------------------|---------------------------------|----------------------------------|--------------------------------|-----------------|
| Western Health Advantage | 197 | 75,861 | 1.0% | 4.0% | 5.0% | \$545.34 |
| Sharp Health | 123 | 61,094 | 0.8% | 2.8% | 2.4% | \$505.79 |
| Sutter | 236 | 51,590 | 0.7% | 4.0% | 3.6% | \$508.17 |
| Valley Health | 2 | 22,841 | 0.3% | 5.2% | 5.2% | \$746.28 |
| Scripps | 1 | 14,022 | 0.2% | -3.9% | -3.9% | \$460.70 |
| Ventura County Health | 4 | 13,350 | 0.2% | 8.5% | 8.5% | \$495.10 |
| Community Care | 9 | 10,000 | 0.1% | 2.4% | 2.4% | \$452.00 |
| Contra Costa | 4 | 8,733 | 0.1% | 9.0% | 9.0% | \$614.27 |
| Chinese Community | 25 | 2,478 | 0.0% | 3.0% | 3.0% | \$464.29 |
| Seaside | 1 | 248 | 0.0% | 0.0% | 0.0% | \$529.44 |
| Regional Plan Total | 602 | 260,217 | 3.4% | 3.8% | 4.0% | \$537.12 |

Unadjusted Average Rate Increase Trend



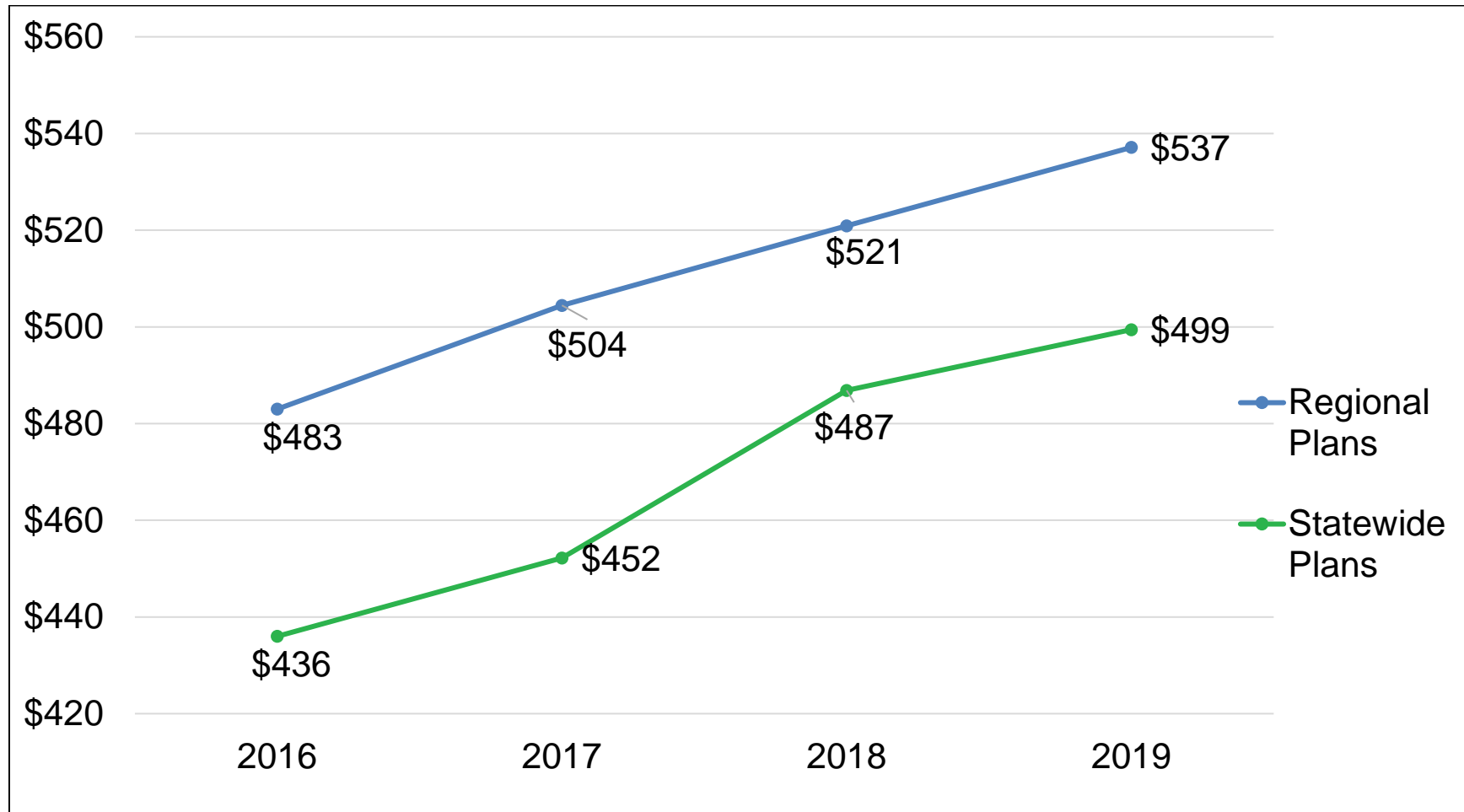
This chart shows the unadjusted average rate increases from 2016 to 2019.

Adjusted Average Rate Increase Trend



This chart shows the adjusted average rate increases from 2016 to 2019.

Average Monthly Premium Per Enrollee In the Large Group Market



This chart shows the average premium per member per month (PMPM) by year from 2016 to 2019. From 2016 to 2019, the average premium PMPM increased by 11% for regional plans and 14% for statewide plans.

Average Rate Increase and Premium by Product Type

| Product Type | Average Rate Increase | Minimum | Maximum | Average Premium PMPM |
|--------------|-----------------------|---------|---------|----------------------|
| HMO | 3.4% | -3.9% | 9.0% | \$495.94 |
| PPO | 5.0% | 0.0% | 5.7% | \$603.61 |
| EPO | 3.0% | 0.0% | 3.0% | \$544.94 |
| POS | 1.8% | -0.8% | 4.1% | \$566.80 |
| HDHP | 4.5% | 0.0% | 7.5% | \$447.82 |

Percentage of Renewing Groups by Rating Methodology

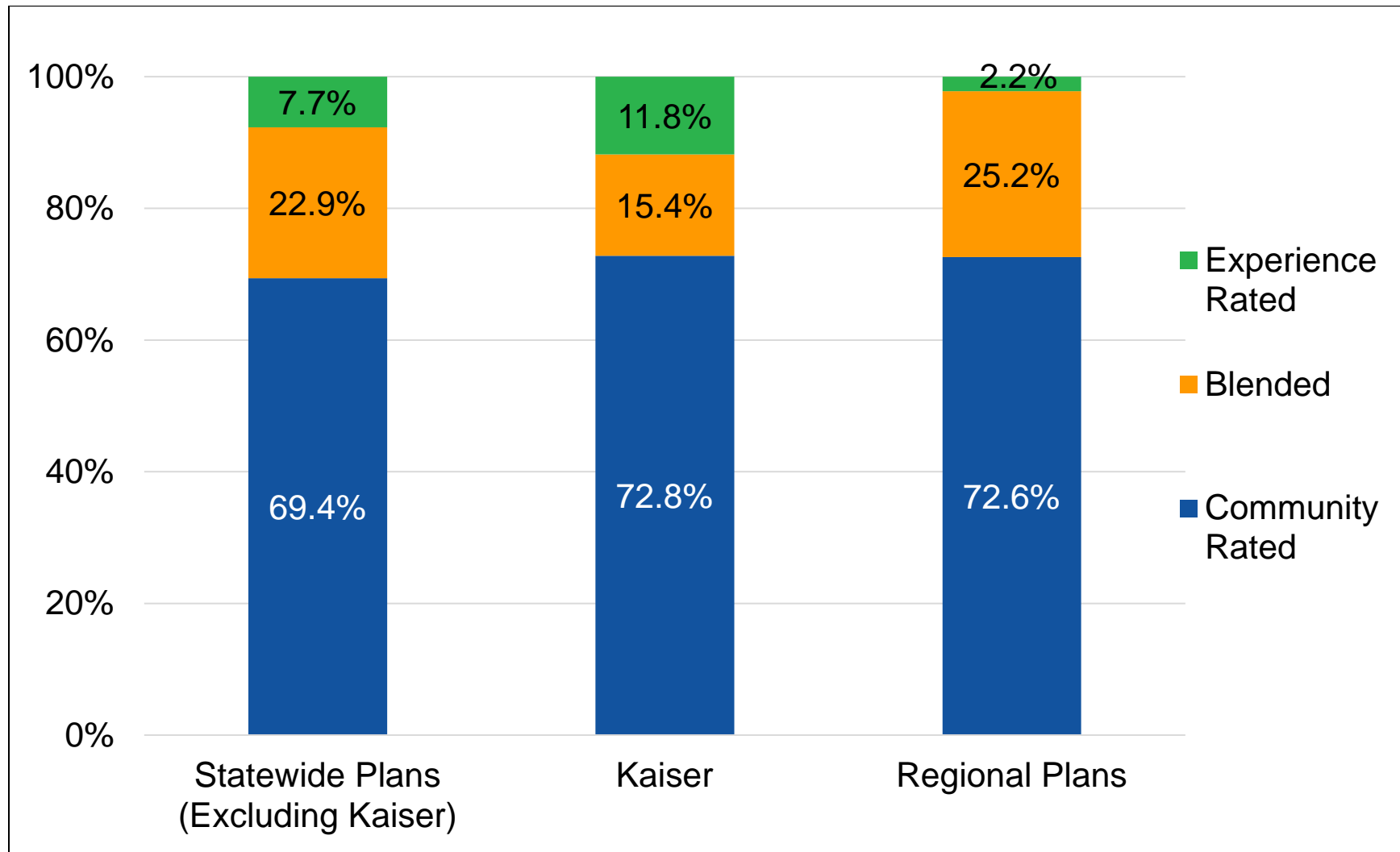
| Category | Percentage of Renewing Groups | Number of Enrollees Affected | Unadjusted Average Rate Increase | Average Premium |
|-------------------------------|-------------------------------|------------------------------|----------------------------------|-----------------|
| Community Rated ¹ | 71.2% | 1,171,158 | 4.2% | \$500.66 |
| Blended ² | 18.9% | 1,036,363 | 4.3% | \$488.44 |
| Experience Rated ³ | 9.9% | 5,410,578 | 3.3% | \$503.09 |

¹ Community Rated – a methodology for determining the rates of an employer group using a standard base rate for a pool of large employer groups and additional factors specific to that employer group, such as geographic region or industry.

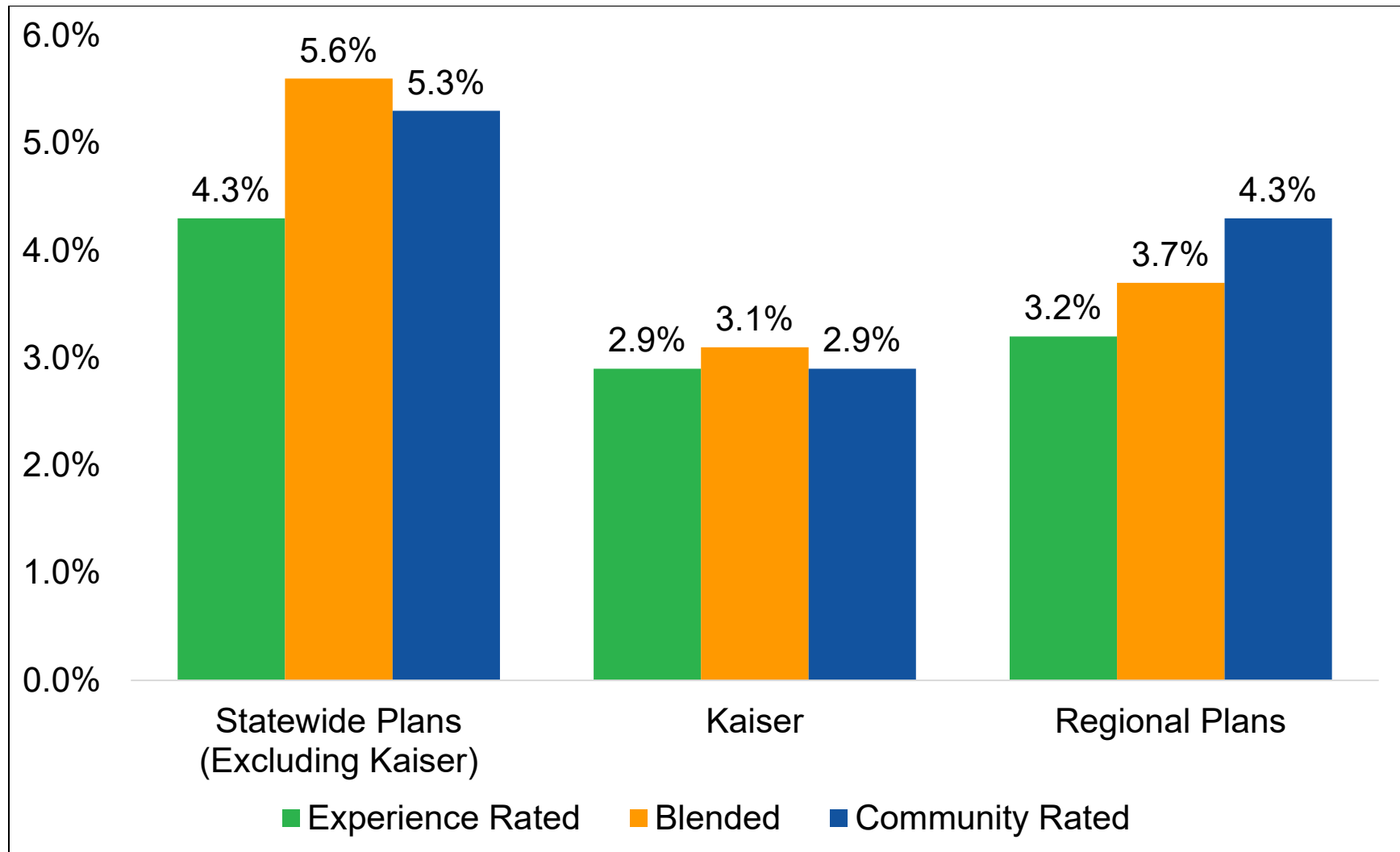
² Blended Rated – a methodology for determining the rates of a group using a combination, or blend, of rates determined via Community Rated and Experience Rated.

³ Experience Rated – a methodology for determining the rates of an employer group using the claims experience of that particular employer group.

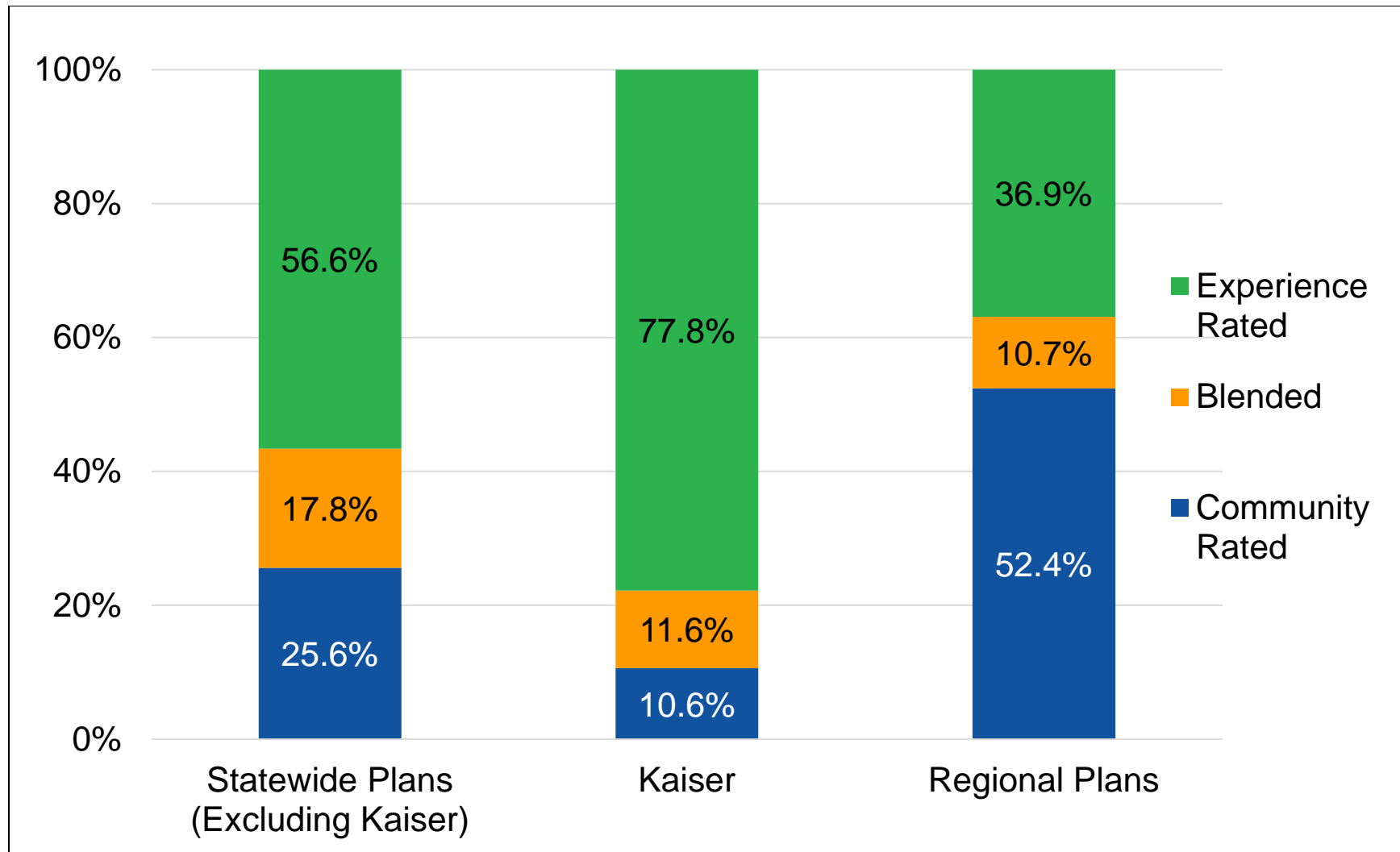
Percentage of Renewing Groups by Rating Methodology



Rate Increases by Rating Methodology



Percentage of Renewing Covered Lives by Rating Methodology



Number of Covered Lives by Actuarial Value by Product in the Large Group Market

| Number of Covered Lives by Actuarial Value | | | | | | |
|--|------------------|------------------|----------------|----------------|--------------|------------------|
| Product Type | 0.9 – 1.00 | 0.8 – 0.89 | 0.7 – 0.79 | 0.6 – 0.69 | < 0.60 | All |
| HMO | 5,796,515 | 748,640 | 175,595 | 34,821 | 0 | 6,755,571 |
| PPO | 246,804 | 187,344 | 6,876 | 0 | 0 | 441,024 |
| HDHP | 38,105 | 129,044 | 210,841 | 82,803 | 1,045 | 461,838 |
| POS | 62,144 | 491 | 685 | 0 | 0 | 63,320 |
| EPO | 24,224 | 356 | 0 | 0 | 0 | 24,580 |
| Total | 6,167,792 | 1,065,875 | 393,997 | 117,624 | 1,045 | 7,746,333 |

Actuarial Value for HMO Members

| Actuarial Value | Statewide Plans (excluding Kaiser) | Kaiser | Regional Plans |
|-----------------|---------------------------------------|--------|----------------|
| 0.9 – 1.00 | 82.2% | 87.2% | 75.3% |
| 0.8 – 0.89 | 13.4% | 10.2% | 18.7% |
| 0.7 – 0.79 | 3.2% | 2.4% | 3.7% |
| 0.6 – 0.69 | 1.2% | 0.2% | 2.3% |
| <0.60 | 0.0% | 0.0% | 0.0% |

Medical Expenses as a Percentage of Premium in 2016, 2017 and 2018

| | 2016 | | | 2017 | | | 2018 | | |
|----------------------------------|--------------|-----------------------|----------------------------------|--------------|-----------------------|----------------------------------|--------------|-----------------------|----------------------------------|
| | Premium PMPM | Medical Expenses PMPM | Medical Expenses as % of Premium | Premium PMPM | Medical Expenses PMPM | Medical Expenses as % of Premium | Premium PMPM | Medical Expenses PMPM | Medical Expenses as % of Premium |
| All Plans | \$438 | \$384 | 87.6% | \$450 | \$402 | 89.3% | \$466 | \$407 | 87.3% |
| Statewide Plans Excluding Kaiser | \$437 | \$377 | 86.2% | \$444 | \$385 | 86.7% | \$458 | \$389 | 84.9% |
| Kaiser | \$436 | \$386 | 88.4% | \$451 | \$410 | 90.8% | \$468 | \$414 | 88.4% |
| Regional Plans | \$474 | \$430 | 90.7% | \$496 | \$449 | 90.5% | \$510 | \$460 | 90.2% |

Administrative Expenses as a Percentage of Premium in 2016, 2017 and 2018

| | 2016 | | | 2017 | | | 2018 | | |
|---|--------------|---------------------|--------------------------------|--------------|---------------------|--------------------------------|--------------|---------------------|--------------------------------|
| | Premium PMPM | Admin Expenses PMPM | Admin Expenses as % of Premium | Premium PMPM | Admin Expenses PMPM | Admin Expenses as % of Premium | Premium PMPM | Admin Expenses PMPM | Admin Expenses as % of Premium |
| All Plans | \$438 | \$28 | 6.4% | \$450 | \$25 | 5.6% | \$466 | \$26 | 5.5% |
| Statewide Plans Excluding Kaiser | \$437 | \$39 | 9.0% | \$444 | \$40 | 9.1% | \$458 | \$44 | 9.5% |
| Kaiser | \$436 | \$20 | 4.6% | \$451 | \$16 | 3.5% | \$468 | \$15 | 3.2% |
| Regional Plans | \$474 | \$45 | 9.5% | \$496 | \$42 | 8.4% | \$510 | \$42 | 8.3% |

Net Income as a Percentage of Premium in 2016, 2017 and 2018

| | 2016 | | | 2017 | | | 2018 | | |
|---|--------------|-----------------|----------------------------|--------------|-----------------|----------------------------|--------------|-----------------|----------------------------|
| | Premium PMPM | Net Income PMPM | Net Income as % of Premium | Premium PMPM | Net Income PMPM | Net Income as % of Premium | Premium PMPM | Net Income PMPM | Net Income as % of Premium |
| All Plans | \$438 | \$7 | 1.7% | \$450 | \$11 | 2.5% | \$466 | \$19 | 4.1% |
| Statewide Plans Excluding Kaiser | \$437 | \$3 | 0.6% | \$444 | \$9 | 2.1% | \$458 | \$7 | 1.6% |
| Kaiser | \$436 | \$11 | 2.6% | \$451 | \$13 | 2.8% | \$468 | \$26 | 5.6% |
| Regional Plans | \$474 | (\$7) | -1.5% | \$496 | \$3 | 0.6% | \$510 | \$3 | 0.5% |

Medical Allowed Trend for the Large Group Market

| Plan Type | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------------|------|------|------|------|------|
| All Plans | 6.2% | 5.5% | 5.4% | 5.0% | 5.0% |
| Statewide Plans Excluding Kaiser | 6.8% | 6.6% | 6.8% | 7.0% | 6.3% |
| Kaiser | 4.4% | 4.4% | 5.1% | 4.5% | 3.8% |
| Regional Plans | 6.1% | 5.0% | 5.0% | 4.3% | 3.7% |

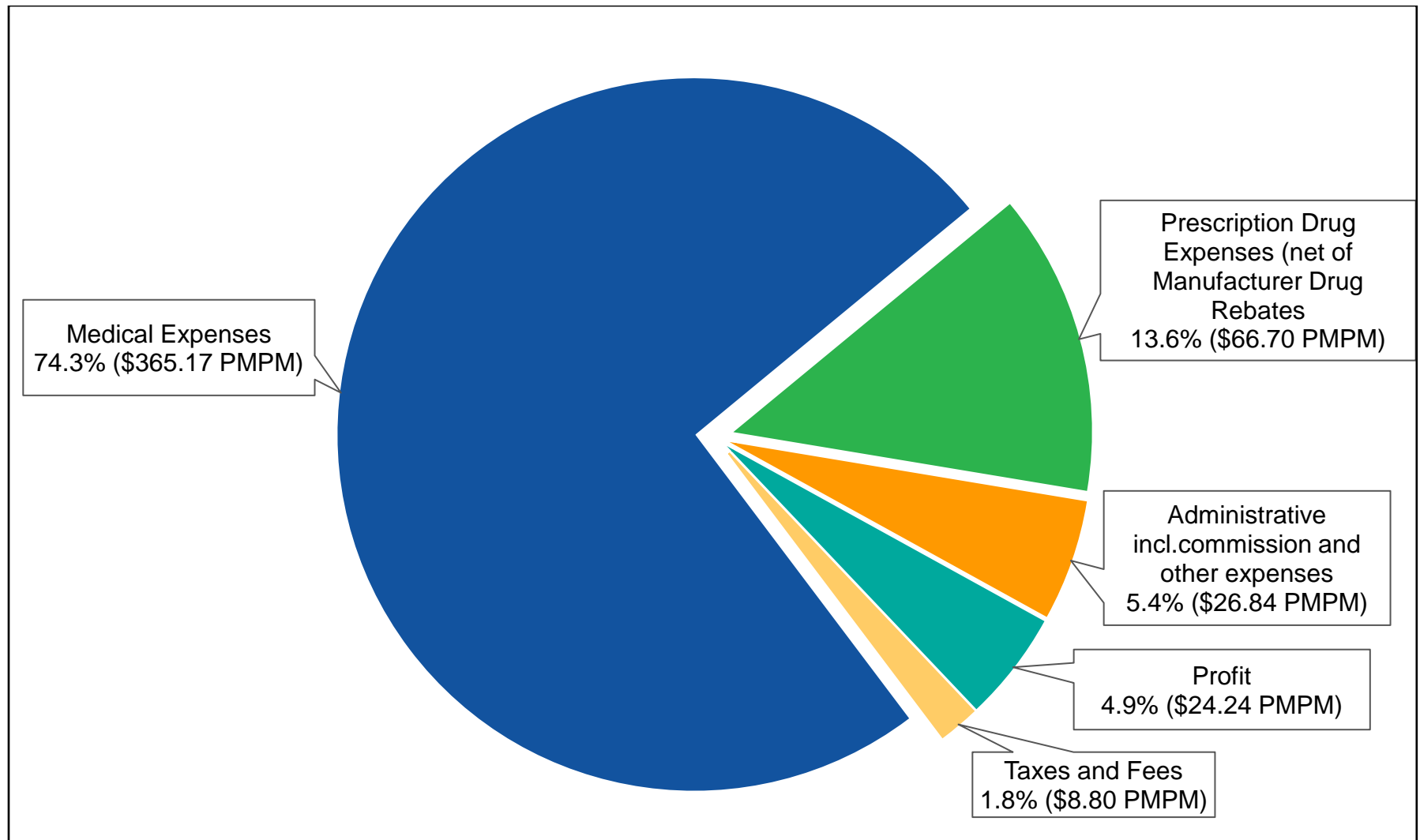
Medical Allowed Trend is the percent change from one year to another of medical and pharmacy costs covered by the health plans on a per enrollee basis.

Pharmacy Allowed Trend for the Large Group Market

| Plan Type | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------------|-------|-------|-------|-------|------|
| All Plans | 8.9% | 7.4% | 7.0% | 9.2% | 7.7% |
| Statewide Plans Excluding Kaiser | 13.7% | 11.3% | 11.8% | 10.0% | 8.9% |
| Kaiser | 8.9% | 6.0% | 6.0% | 5.0% | 5.0% |
| Regional Plans | 6.1% | 4.0% | 5.5% | 8.5% | 6.8% |

Pharmacy Allowed Trend is the percent change from one year to another of pharmacy costs covered by the Plan on a per enrollee basis.

Breakdown of the Health Plan Premium Per Member Per Month



Year-over-Year Per Member Per Month Increase In Major Components of Premium

| Component of Premium (PMPM) | 2019 | 2018 | Year-over-Year Change PMPM | Year-over-Year Change Percentage |
|--|-----------------|-----------------|----------------------------|----------------------------------|
| Medical Expenses | \$365.17 | \$352.98 | \$12.19 | 3.5% |
| Prescription Drug Expenses | \$72.37 | \$68.05 | \$4.32 | 6.4% |
| Manufacturer Drug Rebate (Negative) | (\$5.67) | (\$6.05) | \$0.38 | -6.2% |
| Administrative Expenses, Commission and Other Expenses | \$35.64 | \$41.14 | (\$5.50) | -13.4% |
| Profit/Loss | \$24.24 | \$22.61 | \$1.63 | 7.2% |
| Total Health Care Premium | \$491.75 | \$478.73 | \$13.02 | 2.7% |

Year-over-Year Percentage Increase in Premium Attributable by Component

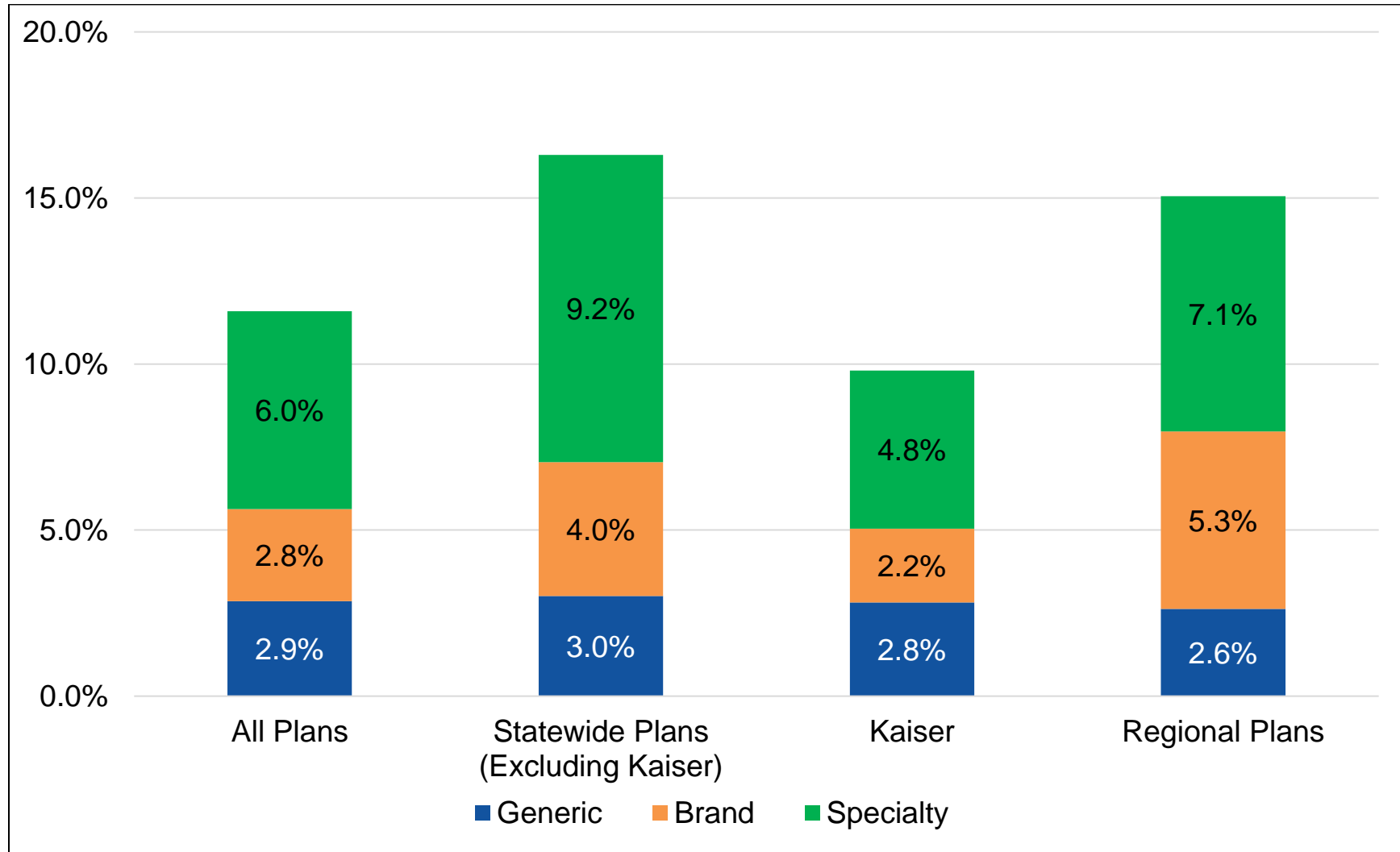
| Component of Premium (PMPM) | All Plans | Statewide Excluding Kaiser | Kaiser | Regional Plans |
|--|------------------|-----------------------------------|---------------|-----------------------|
| Medical Expenses | 2.5% | 1.6% | 2.9% | 3.7% |
| Prescription Drug Expenses (net of Manufacturer Drug Rebates) | 1.0% | 1.8% | 1.0% | 0.6% |
| Administrative Expenses and Commissions | -0.2% | -0.2% | 0.1% | -0.3% |
| Taxes | -0.9% | -0.9% | -0.8% | -0.4% |
| Profit/Loss | 0.3% | 0.8% | -0.1% | 1.2% |
| Total Health Care Premium | 2.7% | 3.1% | 3.1% | 4.8% |

Large Group Prescription Drug and Medical Claims as a Percent of Premium

| Health Plan Name | Average Premium | Percentage of Premium Spent on Prescription Drugs | Percentage of Premium Spent on Medical Expenses ⁴ |
|------------------------------------|-----------------|---|--|
| Aetna | \$479 | 15.0% | 70.9% |
| Anthem Blue Cross | \$513 | 22.6% | 64.6% |
| Blue Shield | \$523 | 15.5% | 72.0% |
| Cigna | \$546 | 18.9% | 69.8% |
| Health Net | \$535 | 12.9% | 79.8% |
| UnitedHealth | \$557 | 11.8% | 67.6% |
| Statewide Plans (Excluding Kaiser) | \$520 | 18.7% | 69.0% |
| Kaiser | \$480 | 13.2% | 76.2% |
| Regional Plans | \$540 | 15.6% | 75.8% |

⁴ Percentage of Premium Spent on Medical Expenses does not include Prescription Drug Costs.

Pharmacy Costs Paid by Large Group Health Plans as a Percentage of Premium



Change in Annual Prescription Drug Cost Spending⁵ from 2018 to 2019

| Plan Type | All Plans | Statewide Plans Excluding Kaiser | Kaiser | Regional Plans |
|------------------|------------------|---|---------------|-----------------------|
| Specialty | 9.6% | 6.6% | 10.6% | 16.4% |
| Brand | 6.4% | -0.9% | 9.8% | 4.5% |
| Generic | 6.9% | 4.7% | 8.3% | -1.1% |
| Total | 8.0% | 4.2% | 9.6% | 7.8% |

⁵ Annual spending on prescription drugs is the amount spent by the health plans plus enrollees' cost share.

Drugs Administered in Doctor’s Office – Health Plan Costs⁶

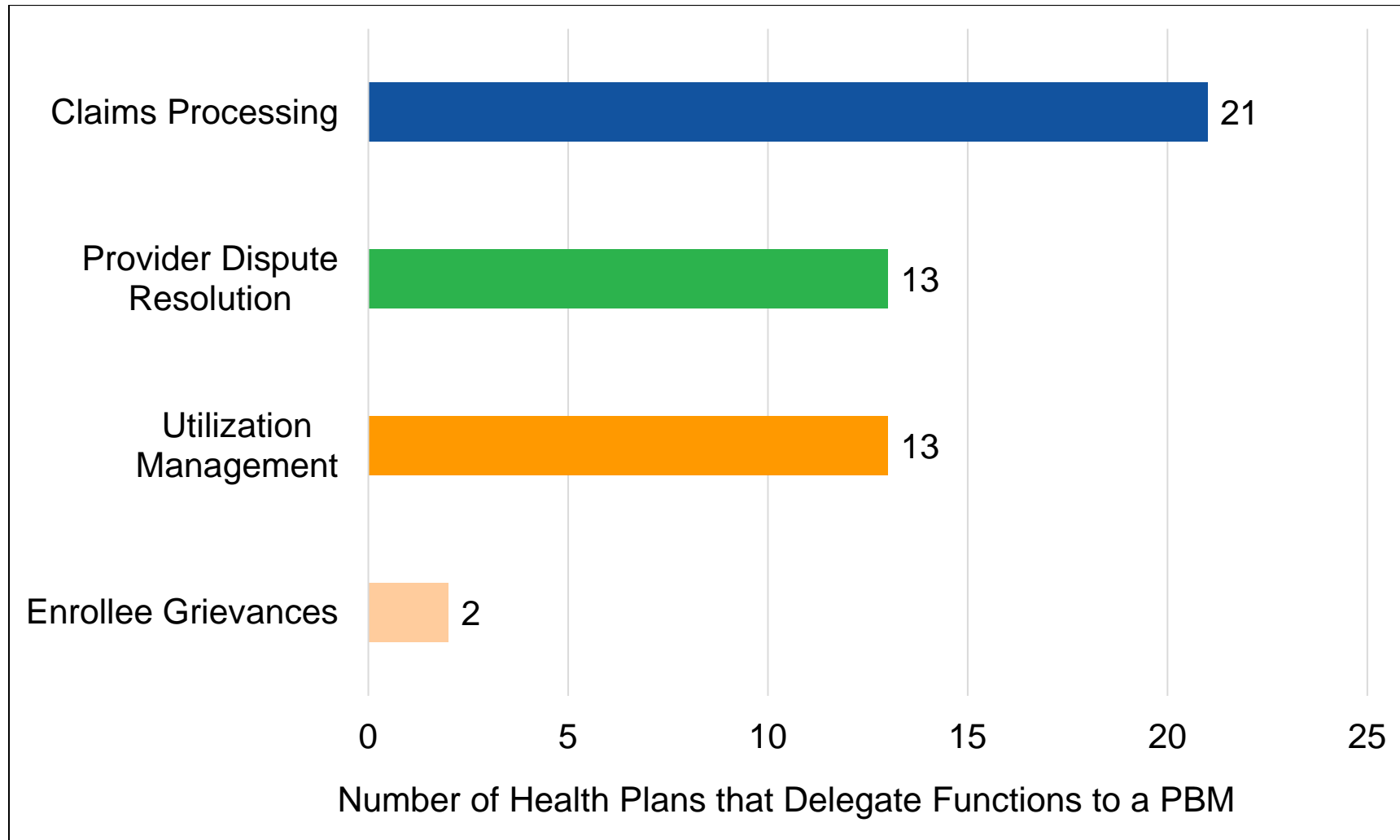
| Category | Number of Plans | Minimum (Reported) | Maximum (Reported) | Median (Reported) |
|---|------------------------|---------------------------|---------------------------|--------------------------|
| All Plans | 7 | \$2.21 | \$23.75 | \$16.27 |
| Statewide Plans Excluding Kaiser | 1 | \$23.75 | \$23.75 | \$23.75 |
| Kaiser | 1 | \$16.27 | \$16.27 | \$16.27 |
| Regional Plans | 5 | \$2.21 | \$20.78 | \$14.89 |

⁶ Health plans were required to report this information, if available.

Large Group Prescription Drug Cost Report Summary for Measurement Year 2019

- Prescription drug costs accounted for 11.7% of the total health care premium.
- Specialty drugs represented more than 46% of total prescription drug spending.
- The average premium increase was 2.7% and 1.0% was attributed to pharmacy cost.
- The percentage of premium attributed to drugs administered in a doctor's office ranged from 0.4% to 5.6%.
- 22 of the 24 health plans used a Pharmacy Benefit Manager.

Pharmacy Benefit Manager (PBM) Functions for Large Group Plans



Pharmacy Benefit Managers Utilized By Large Group Health Plans

| Legal Name | PBM Name | Functions Delegated to PBM | | | |
|-------------------------------|----------------------------|----------------------------|-------------------|------------------------------|---------------------|
| | | Utilization Management | Claims Processing | Provider Dispute Resolutions | Enrollee Grievances |
| Aetna | CVS | Yes | Yes | Yes | No |
| Alameda Alliance | PerformRX | Yes | Yes | Yes | No |
| Anthem Blue Cross | Express Scripts | No | Yes | Yes | No |
| Anthem Blue Cross | IngenioRx | No | Yes | Yes | No |
| Blue Shield | SS&C Health | No | Yes | Yes | No |
| Blue Shield | CVS Health | No | No | No | No |
| Chinese Community Health Plan | MEDIMPACT | Yes | Yes | Yes | No |
| Cigna | Cigna Pharmacy Management | Yes | No | No | Yes |
| Cigna | Optum Rx | No | Yes | Yes | No |
| Cigna | Argus/DST | No | Yes | Yes | No |
| Community Care Health Plan | MEDIMPACT | Yes | Yes | Yes | No |
| Contra Costa Medical Services | PerformRX | No | Yes | No | No |
| Health Net | Involve Pharmacy Solutions | Yes | No | No | No |
| Kaiser | MEDIMPACT | Yes | Yes | Yes | No |
| LA Care | Navitus Health Solutions | No | Yes | Yes | No |

| Legal Name | PBM Name | Functions Delegated to PBM | | | |
|--|--------------------------|----------------------------|-------------------|------------------------------|---------------------|
| | | Utilization Management | Claims Processing | Provider Dispute Resolutions | Enrollee Grievances |
| Medi-Excel | N/A | N/A | N/A | N/A | N/A |
| San Francisco Community Health Authority | PerformRx, LLC | Yes | Yes | No | No |
| San Mateo Community Health Plan | DST Pharmacy Solutions | No | Yes | No | No |
| Central California Alliance for Health | MEDIMPACT | No | Yes | Yes | No |
| Scripps | MEDIMPACT | Yes | Yes | No | No |
| Seaside Health Plan | MEDIMPACT | No | Yes | No | No |
| Sharp Health Plan | MEDIMPACT | Yes | Yes | No | No |
| Sistemas | N/A | N/A | N/A | N/A | N/A |
| Sutter Health Plan | Express Scripts | Yes | Yes | Yes | No |
| UHC of California | OptumRx | Yes | Yes | Yes | Yes |
| Valley Health Plan | Navitus Health Solutions | Yes | Yes | No | No |
| Ventura County Health Plan | Express Scripts | No | Yes | No | No |
| Western Health Advantage | Express Scripts | No | Yes | Yes | No |

Section II: Large Group Rate Review

Requirements of AB 731

- Expands the rate review practice that the state already has in place for the individual and small group markets to the large group market.
- Effective July 1, 2020, health plans with large group products that are community rated, experienced rated, or blended rated, must file specified information 120 days before any change in methodology, factors or assumptions that would affect rate paid by a large group employer.
- DMHC will have 60 days to review after receiving complete information.
- DMHC will review the methodology, assumptions and factors used by plans to determine whether the premium rates are unreasonable or not justified.
- Reporting Data by Geographic Region:
 - Require rate review filings to include specified information such as annual medical trend factor assumptions and the amount of projected trends by geographic areas to provide greater insight into the differences in price across the state.
 - Includes information on the price paid by the health plan compared to the price paid by the Medicare Program for the same services in each benefit category - such as doctors, hospitals, laboratory, prescription drugs and imaging.
- DMHC will conduct a public meeting regarding large group rates in every even-numbered year.

Section III:
**Summary of the Prescription Drug
Cost Transparency Report for
Measurement Year 2018**

Requirements of the Prescription Drug Cost Transparency Report

In 2017, California enacted Senate Bill (SB) 17 (Hernandez, 2017) for the purpose of increasing transparency of prescription drug costs. SB 17 requires health plans and health insurers that file rate information with the California Department of Managed Health Care (DMHC) or the California Department of Insurance (CDI) to report specific data related to prescription drugs beginning October 1, 2018, and annually thereafter. In addition, SB 17 requires drug manufacturers of any prescription drug with a wholesale acquisition cost of more than \$40 to provide advance notification, on a quarterly basis, of any significant cost increases to those drugs.⁷ SB 17 also requires manufacturers of new drugs to publish certain information such as wholesale acquisition cost, marketing plan, and usage of the new prescription drug if the cost exceeds a specified threshold, by reporting this information to the California Office of Statewide Health Planning and Development.

SB 17 requires the DMHC to issue an annual report that summarizes how prescription drug costs impact health plan premiums. The DMHC worked with stakeholders to develop a template for health plan submission of the required data. Specifically, commercial health plans reported the following categories of information:

- a. the 25 prescription drugs most frequently prescribed to health plan enrollees;
- b. the 25 most costly prescription drugs by total annual health plan spending;
- c. the 25 prescription drugs with the highest year-over-year increase in total annual health plan spending; and
- d. the overall impact of drug costs on healthcare premiums.

Health plans that file annual large group rate information with the DMHC are also required to file specified information regarding health plan spending and year-over-year cost increases for covered prescription drugs.

⁷ The California Office of Statewide Health Planning and Development (OSHPD) receives the prescription drug cost increase reports and posts them on its website.

Prescription Drug Costs Reporting Parameters and Limitations

Some of the limitations of the prescription drug costs information reported to the DMHC by health plans include:

- Health plan reporting is limited to prescription drug costs associated with the pharmacy benefit.
- Health plans do not include prescription drug costs for inpatient drugs (hospital) or costs borne by delegated medical groups (such as infusion drugs administered in a physician's office).
- Prescription drug costs for self-funded arrangements, Medi-Cal Managed Care, Medicare Advantage and plans/insurers not regulated by the DMHC are not reported.
- Only 26 commercial health plans covering approximately 12.3 million Californians report prescription drug costs out of the 82 full service health plans covering 26 million Californians.

Key Findings - Prescription Drug Cost Transparency Report for Measurement Year 2018

- Health plans paid nearly \$9.1 billion for prescription drugs in 2018, an increase of over \$400 million from 2017. On a PMPM basis, health plans paid \$61.16 in 2018, which is an increase of \$2.67 PMPM from 2017.
- Prescription drugs accounted for 12.7 percent of total health plan premiums in 2018, a slight decrease from 12.9 percent in 2017.⁸
- Health plans' prescription drug costs increased by 4.7 percent in 2018 (4.6 percent on a PMPM basis), whereas medical expenses increased by 2.7 percent (2.6 percent on a PMPM basis). Overall, total health plan premiums increased 6.2 percent (6.0 percent on a PMPM basis) from 2017 to 2018.
- Manufacturer drug rebates totaled approximately \$1.058 billion, up from \$922 million in 2017. This represents about 11.7 percent of the \$9.1 billion spent on prescription drugs in 2018. On a PMPM basis, manufacturer drug rebates equaled \$7.15 PMPM, up from \$6.24 PMPM in 2017. This also equates to 11.7 percent of the \$61.16 PMPM health plans paid for prescription drugs in 2018.
- While specialty drugs accounted for only 1.6 percent of all prescription drugs dispensed, they accounted for 52.6 percent of total annual spending on prescription drugs.⁹
- Generic drugs accounted for 87.0 percent of all prescribed drugs but only 22.4 percent of the total annual spending on prescription drugs.

⁸ Includes only those prescription drugs dispensed through retail or mail order pharmacies, and does not include drugs that are provided in a hospital, administered in a doctor office, or otherwise paid for through capitated payments to delegated providers. Therefore, the 12.7 percent of premium does not capture all costs of prescription drugs paid by health plans, rather only those that are itemized as part of the health plans' pharmacy benefit.

⁹ "Specialty Drug" is a drug with a plan- or insurer-negotiated monthly cost that exceeds the threshold for a specialty drug under the Medicare Part D program (Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108-173)). In 2018, the threshold amount is \$670 for a one-month supply.

- Brand name drugs accounted for 11.4 percent of prescriptions and constituted 25.0 percent of the total annual spending on prescription drugs.
- The 25 Most Frequently Prescribed Drugs represented 48.2 percent of all drugs prescribed and approximately 43.2 percent of the total annual spending on prescription drugs.
- For the 25 Most Frequently Prescribed Drugs, enrollees paid 3.1 percent of the cost of specialty drugs, 12.9 percent of the cost of brand name drugs, and 55.7 percent of the cost of generics.
- Of the 12.7 percent of total health plan premium that was spent on prescription drugs, the 25 Most Costly Drugs accounted for 6.9 percent.
- Overall, health plans paid 91.9 percent of the cost of the 25 Most Costly Drugs across all three categories (generic, brand name and specialty).
- The Prescription Drug Cost Transparency Report is available on the DMHC's website.

25 Most Frequently Prescribed Generic Drugs

| Rank | Prescription Drug Name | Therapy Class |
|------|------------------------|--|
| 1 | ATORVASTATIN | Cardiovascular Agents |
| 2 | LISINOPRIL | Cardiovascular Agents; Central Nervous System Agents |
| 3 | METFORMIN | Blood Glucose Regulators |
| 4 | LEVOTHYROXINE | Hormonal Agents - Thyroid |
| 5 | AMLODIPINE | Cardiovascular Agents |
| 6 | LOSARTAN | Cardiovascular Agents |
| 7 | HYDROCHLOROTHIAZIDE | Cardiovascular Agents |
| 8 | HYDROCODONE | Analgesics |
| 9 | SIMVASTATIN | Cardiovascular Agents |
| 10 | OMEPRAZOLE | Gastrointestinal Agents |
| 11 | IBUPROFEN | Analgesics; Anti-inflammatory Agents |
| 12 | AMOXICILLIN | Antibacterials |
| 13 | SERTRALINE | Antidepressants |
| 14 | METOPROLOL | Cardiovascular Agents |
| 15 | GABAPENTIN | Anticonvulsants |
| 16 | ATENOLOL | Cardiovascular Agents |
| 17 | GLIPIZIDE | Blood Glucose Regulators |
| 18 | MONTELUKAST | Respiratory Tract/Pulmonary Agents |
| 19 | BREO | Respiratory Tract/Pulmonary Agents |
| 20 | PREDNISONE | Genitourinary Agents; Hormonal Agents - Adrenal; Inflammatory Bowel Disease Agents |
| 21 | FLUTICASONE | Dermatological Agents; Respiratory Tract/Pulmonary Agents |
| 22 | ESCITALOPRAM | Antidepressants |
| 23 | AZITHROMYCIN | Antibacterials |
| 24 | TRAZODONE | Antidepressants |
| 25 | BUPROPION | Antidepressants |

25 Most Frequently Prescribed Brand Name Drugs

| Rank | Prescription Drug Name | Therapy Class |
|------|------------------------|---|
| 1 | VENTOLIN | Respiratory Tract/Pulmonary Agents |
| 2 | HUMULIN | Blood Glucose Regulators |
| 3 | SILDENAFIL | Respiratory Tract/Pulmonary Agents |
| 4 | QVAR | Inflammatory Bowel Disease Agents; Respiratory Tract/Pulmonary Agents |
| 5 | ADVAIR | Respiratory Tract/Pulmonary Agents |
| 6 | ESCITALOPRAM | Antidepressants |
| 7 | HUMALOG | Blood Glucose Regulators |
| 8 | SYNTHROID | Hormonal Agents - Thyroid |
| 9 | NUVARING | Contraceptives; Hormonal Agents - Sex Hormones/Modifiers |
| 10 | ADDERALL | Central Nervous System Agents |
| 11 | LANTUS | Blood Glucose Regulators |
| 12 | VYVANSE | Central Nervous System Agents |
| 13 | K-TAB | Gastrointestinal Agents |
| 14 | ONETOUCH | Glucose Testing Supplies |
| 15 | JANUVIA | Blood Glucose Regulators |
| 16 | RETIN-A | Dermatological Agents |
| 17 | LO LOESTRIN FE | Contraceptives; Hormonal Agents - Sex Hormones/Modifiers |
| 18 | NITROFURANTOIN | Antibacterials |
| 19 | ARMOUR THYROID | Hormonal Agents - Thyroid |
| 20 | CONCERTA | Central Nervous System Agents |
| 21 | JARDIANCE | Blood Glucose Regulators |
| 22 | PROAIR | Respiratory Tract/Pulmonary Agents |
| 23 | ACCU-CHEK | Glucose Testing Supplies |
| 24 | ESTRADIOL | Hormonal Agents - Sex Hormones/Modifiers |
| 25 | NOVOLOG | Blood Glucose Regulators |

25 Most Frequently Prescribed Specialty Drugs

| Rank | Prescription Drug Name | Therapy Class |
|------|------------------------|---|
| 1 | TRUVADA | Antivirals |
| 2 | HUMIRA | Immunological Agents |
| 3 | GENVOYA | Antivirals |
| 4 | ENBREL | Immunological Agents |
| 5 | VICTOZA | Blood Glucose Regulators |
| 6 | DESCOVY | Antivirals |
| 7 | ANDROGEL | Hormonal Agents - Sex Hormones/Modifiers |
| 8 | TRIUMEQ | Antivirals |
| 9 | LATUDA | Antipsychotics |
| 10 | ODEFSEY | Antivirals |
| 11 | TRULICITY | Blood Glucose Regulators |
| 12 | TIVICAY | Antivirals |
| 13 | OTEZLA | Dermatological Agents; Immunological Agents |
| 14 | ATRIPLA | Antivirals |
| 15 | VIMPAT | Anticonvulsants |
| 16 | XIFAXAN | Antibacterials |
| 17 | COSENTYX | Dermatological Agents; Immunological Agents |
| 18 | ZARXIO | Blood Products and Modifiers |
| 19 | VEMLIDY | Antivirals |
| 20 | HUMALOG | Blood Glucose Regulators |
| 21 | PREZCOBIX | Antivirals |
| 22 | BIKTARVY | Antivirals |
| 23 | SENSIPAR | Metabolic Bone Disease Agents |
| 24 | ISENTRESS | Antivirals |
| 25 | STELARA | Immunological Agents |

25 Most Costly Generic Drugs by Total Annual Spending

| Rank | Prescription Drug Name | Therapy Class |
|------|------------------------|---|
| 1 | ATORVASTATIN | Cardiovascular Agents |
| 2 | LEVOTHYROXINE | Hormonal Agents - Thyroid |
| 3 | OSELTAMIVIR | Antivirals |
| 4 | DEXTROAMPHETAMINE | Central Nervous System Agents |
| 5 | CLOBETASOL | Inflammatory Bowel Disease Agents |
| 6 | BUPROPION | Antidepressants |
| 7 | METHYLPHENIDATE | Central Nervous System Agents |
| 8 | ROSUVASTATIN | Cardiovascular Agents |
| 9 | ESTRADIOL | Hormonal Agents - Sex Hormones/Modifiers |
| 10 | MESALAMINE | Inflammatory Bowel Disease Agents |
| 11 | COLCHICINE | Antigout Agents |
| 12 | IBUPROFEN | Analgesics; Anti-inflammatory Agents |
| 13 | HYDROCODONE | Analgesics |
| 14 | TACROLIMUS | Dermatological Agents; Immunological Agents |
| 15 | LOSARTAN | Cardiovascular Agents |
| 16 | DICLOFENAC | Anti-inflammatory Agents; Analgesics; Dermatological Agents |
| 17 | ERTUGLIFLOZIN PIDOLATE | Respiratory Tract/Pulmonary Agents |
| 18 | LISINAPRIL | Cardiovascular Agents; Central Nervous System Agents |
| 19 | GABAPENTIN | Anticonvulsants |
| 20 | METFORMIN | Blood Glucose Regulators |
| 21 | ARIPIPRAZOLE | Antidepressants; Antipsychotics |
| 22 | LIDOCAINE | Anesthetics |
| 23 | SPRINTEC | Contraceptives |
| 24 | IMATINIB | Antineoplastics |
| 25 | OMEPRAZOLE | Gastrointestinal Agents |

25 Most Costly Brand Name Drugs by Total Annual Spending

| Rank | Prescription Drug Name | Therapy Class |
|------|------------------------|---|
| 1 | ADVAIR | Respiratory Tract/Pulmonary Agents |
| 2 | HUMALOG | Blood Glucose Regulators |
| 3 | LANTUS | Blood Glucose Regulators |
| 4 | JANUVIA | Blood Glucose Regulators |
| 5 | VYVANSE | Central Nervous System Agents |
| 6 | HUMULIN | Blood Glucose Regulators |
| 7 | JARDIANCE | Blood Glucose Regulators |
| 8 | NUVARING | Contraceptives; Hormonal Agents - Sex Hormones/Modifiers |
| 9 | VENTOLIN | Respiratory Tract/Pulmonary Agents |
| 10 | LYRICA | Anticonvulsants; Central Nervous System Agents |
| 11 | LIALDA | Inflammatory Bowel Disease Agents |
| 12 | QVAR | Respiratory Tract/Pulmonary Agents |
| 13 | XARELTO | Blood Products and Modifiers |
| 14 | INVOKANA | Blood Glucose Regulators |
| 15 | RESTASIS | Ophthalmic Agents |
| 16 | ELIQUIS | Blood Products and Modifiers |
| 17 | ADDERALL | Central Nervous System Agents |
| 18 | TRULICITY | Blood Glucose Regulators |
| 19 | CONCERTA | Central Nervous System Agents |
| 20 | JANUMET | Blood Glucose Regulators |
| 21 | SYMBICORT | Respiratory Tract/ Pulmonary Agents |
| 22 | PRADAXA | Blood Products and Modifiers |
| 23 | FLOVENT | Inflammatory Bowel Disease Agents; Respiratory Tract/Pulmonary Agents |
| 24 | NOVOLOG | Blood Glucose Regulators |
| 25 | LO LOESTRIN FE | Contraceptives; Hormonal Agents - Sex Hormones/Modifiers |

25 Most Costly Specialty Drugs by Total Annual Spending

| Rank | Prescription Drug Name | Therapy Class |
|------|------------------------|--|
| 1 | HUMIRA | Immunological Agents |
| 2 | ENBREL | Immunological Agents |
| 3 | TRUVADA | Antivirals |
| 4 | GENVOYA | Antivirals |
| 5 | REVLIMID | Antineoplastics |
| 6 | STELARA | Immunological Agents |
| 7 | TRIUMEQ | Antivirals |
| 8 | IBRANCE | Antineoplastics |
| 9 | ODEFSEY | Antivirals |
| 10 | COSENTYX | Dermatological Agents; Immunological Agents |
| 11 | TECFIDERA | Central Nervous System Agents |
| 12 | OTEZLA | Dermatological Agents; Immunological Agents |
| 13 | DESCOVY | Antivirals |
| 14 | EPCLUSA | Antivirals |
| 15 | LATUDA | Antipsychotics |
| 16 | COPAXONE | Central Nervous System Agents |
| 17 | HARVONI | Antivirals |
| 18 | TIVICAY | Antivirals |
| 19 | VICTOZA | Blood Glucose Regulators |
| 20 | SPRYCEL | Antineoplastics |
| 21 | ATRIPLA | Antivirals |
| 22 | TAGRISO | Antineoplastics |
| 23 | NUTROPIN | Hormonal Agents, Stimulant/Replacement/Modifying - Pituitary |
| 24 | ZARXIO | Blood Products and Modifiers |
| 25 | GILENYA | Central Nervous System Agents |

25 Generic Drugs with the Highest Year-Over-Year Increase in Total Spending

| Rank | Prescription Drug Name | Therapy Class |
|------|------------------------|---|
| 1 | OSELTAMIVIR | Antivirals |
| 2 | MESALAMINE | Inflammatory Bowel Disease Agents |
| 3 | SILDENAFIL | Respiratory Tract/Pulmonary Agents |
| 4 | DEXTROAMPHETAMINE | Central Nervous System Agents |
| 5 | ESTRADIOL | Hormonal Agents - Sex Hormones/Modifiers |
| 6 | TENOFOVIR | Antivirals |
| 7 | DICLOFENAC | Anti-inflammatory Agents; Analgesics; Dermatological Agents |
| 8 | SEVELAMER | Electrolytes/Minerals/Metals/Vitamins |
| 9 | ROSUVASTATIN | Cardiovascular Agents |
| 10 | ATOMOXETINE | Central Nervous System Agents |
| 11 | PORTIA | Contraceptives |
| 12 | TESTOSTERONE | Hormonal Agents - Sex Hormones/Modifiers |
| 13 | METFORMIN | Blood Glucose Regulators |
| 14 | ATORVASTATIN | Cardiovascular Agents |
| 15 | COLCHICINE | Antigout Agents |
| 16 | ENOXAPARIN | Blood Products and Modifiers |
| 17 | LOSARTAN | Cardiovascular Agents |
| 18 | PEG 3350/ELECTROLYTES | Gastrointestinal Agents |
| 19 | SERTRALINE | Antidepressants |
| 20 | ARIPIPRAZOLE | Antidepressants; Antipsychotics |
| 21 | GUAIFENESIN | Respiratory Tract/Pulmonary Agents |
| 22 | CHLORZOXAZONE | Skeletal Muscle Relaxants |
| 23 | JUNEL | Contraceptives |
| 24 | DESVENLAFAXINE | Antidepressants |
| 25 | XULANE | Contraceptives |

25 Brand Name Drugs with the Highest Year-Over-Year Increase in Total Spending

| Rank | Prescription Drug Name | Therapy Class |
|------|------------------------|--|
| 1 | ADVAIR | Respiratory Tract/Pulmonary Agents |
| 2 | JARDIANCE | Blood Glucose Regulators |
| 3 | TRULICITY | Blood Glucose Regulators |
| 4 | HUMALOG | Blood Glucose Regulators |
| 5 | VYVANSE | Central Nervous System Agents |
| 6 | ELIQUIS | Blood Products and Modifiers |
| 7 | JANUVIA | Blood Glucose Regulators |
| 8 | HUMULIN | Blood Glucose Regulators |
| 9 | PRADAXA | Blood Products and Modifiers |
| 10 | XARELTO | Blood Products and Modifiers |
| 11 | LYRICA | Anticonvulsants; Central Nervous System Agents |
| 12 | CONCERTA | Central Nervous System Agents |
| 13 | LANTUS | Blood Glucose Regulators |
| 14 | NUVARING | Contraceptives; Hormonal Agents - Sex Hormones/Modifiers |
| 15 | BREO | Respiratory Tract/Pulmonary Agents |
| 16 | QVAR | Respiratory Tract/Pulmonary Agents |
| 17 | SHINGRIX | Vaccines |
| 18 | VENTOLIN | Respiratory Tract/Pulmonary Agents |
| 19 | BASAGLAR | Blood Glucose Regulators |
| 20 | CHANTIX | Anti-Addiction/Substance Abuse Treatment Agents |
| 21 | TRUVADA | Antivirals |
| 22 | XIIDRA | Ophthalmic Agents |
| 23 | RESTASIS | Ophthalmic Agents |
| 24 | BYDUREON | Blood Glucose Regulators |
| 25 | TRINTELLIX | Antidepressants |

25 Specialty Drugs with the Highest Year-Over-Year Increase in Total Spending

| Rank | Prescription Drug Name | Therapy Class |
|------|------------------------|---|
| 1 | HUMIRA | Immunological Agents |
| 2 | ENBREL | Immunological Agents |
| 3 | TRUVADA | Antivirals |
| 4 | STELARA | Immunological Agents |
| 5 | GENVOYA | Antivirals |
| 6 | COSENTYX | Dermatological Agents; Immunological Agents |
| 7 | REVLIMID | Antineoplastics |
| 8 | IBRANCE | Antineoplastics |
| 9 | TAGRISO | Antineoplastics |
| 10 | DUPIXENT | Dermatological Agents; Immunological Agents |
| 11 | TRIUMEQ | Antivirals |
| 12 | XELJANZ | Immunological Agents |
| 13 | ODEFSEY | Antivirals |
| 14 | MAVYRET | Antivirals |
| 15 | OTEZLA | Dermatological Agents; Immunological Agents |
| 16 | ZYTIGA | Antineoplastics |
| 17 | DESCOVY | Antivirals |
| 18 | IMBRUVICA | Antineoplastics |
| 19 | LATUDA | Antipsychotics |
| 20 | TENOFOVIR | Antivirals |
| 21 | VEMLIDY | Antivirals |
| 22 | SPRYCEL | Antineoplastics |
| 23 | HAEGARDA | Immunological Agents |
| 24 | VICTOZA | Blood Glucose Regulators |
| 25 | TIVICAY | Antivirals |