

# Large Group Aggregate Rates and Prescription Drug Costs

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# Large Group Aggregate Rates and Prescription Drug Cost Report for Measurement Year 2020

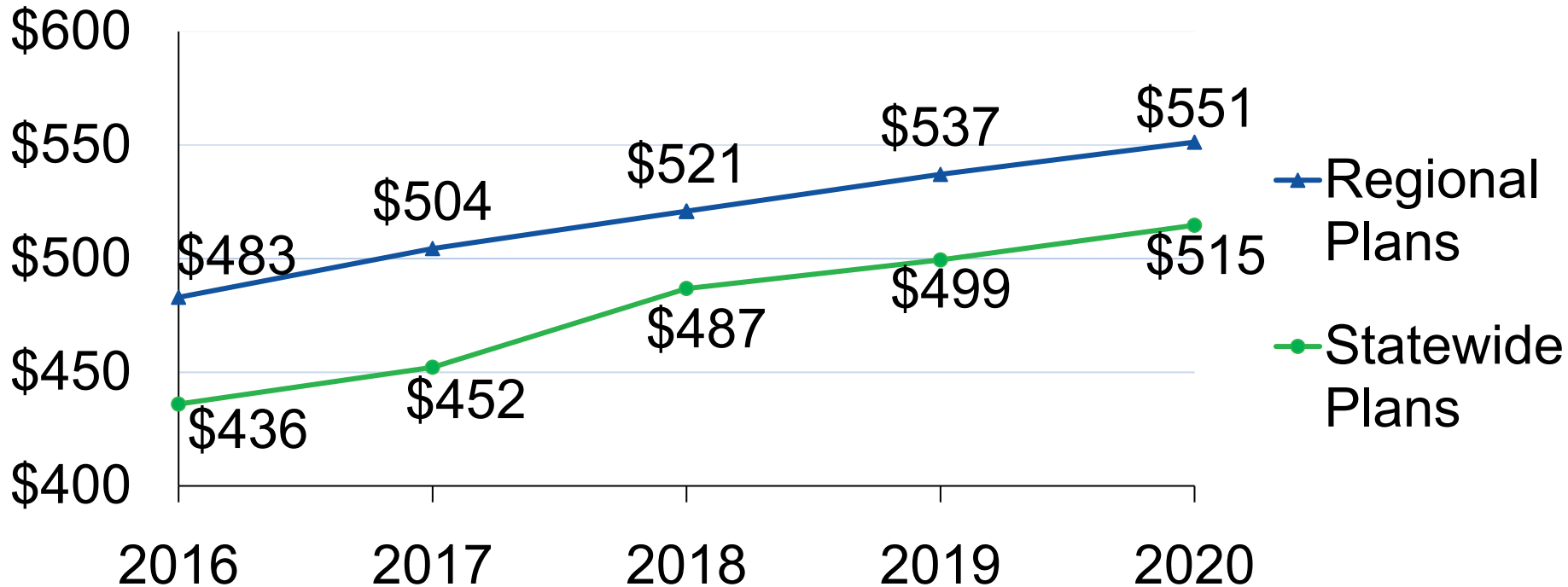
# Rate Increases for Covered California, CalPERS and Large Group Plans

Year	Covered California	CalPERS	Large Group Plans
2016	4.0%	7.7%	3.8%
2017	13.2%	3.9%	3.8%
2018	21.1%	2.5%	5.5%
2019	8.7%	1.1%	3.5%
2020	0.8%	5.1%	4.3%
2021	0.5%	5.3%	Not Available

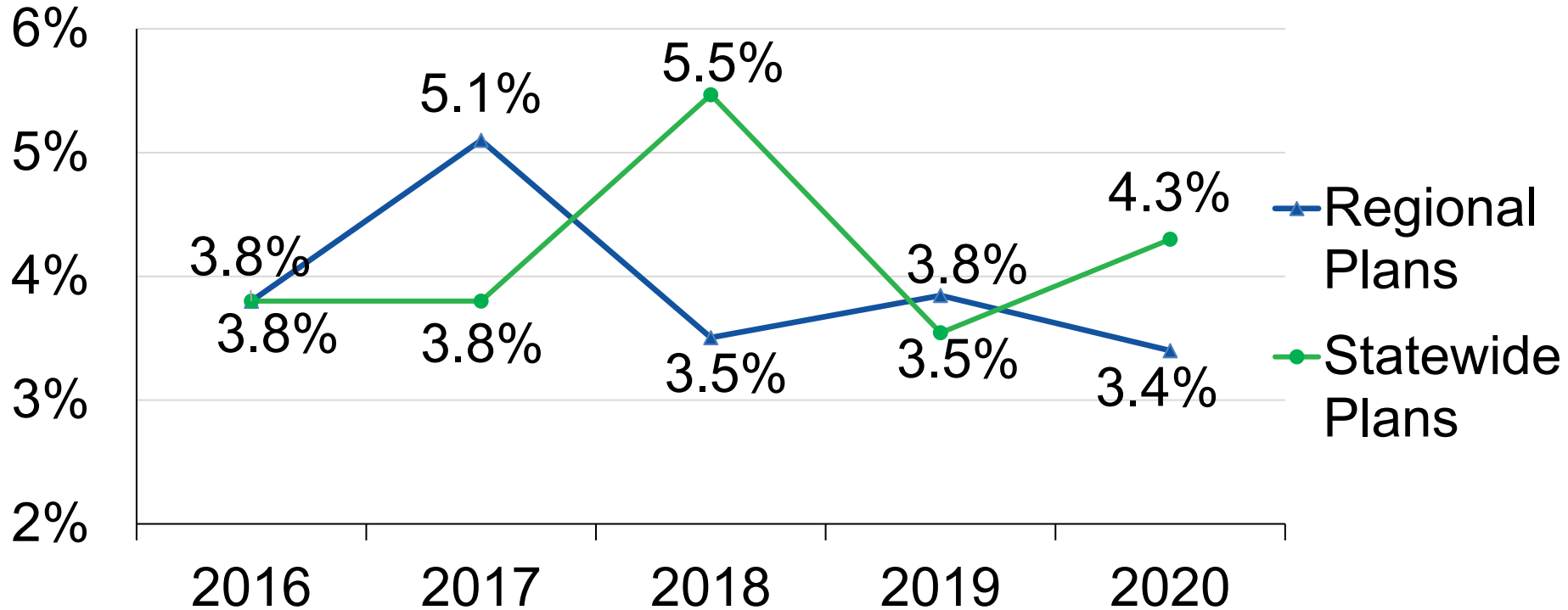
# Summary of 2020 Filing

- 23 Health Care Service Plans were required to file:
  - Eight statewide plans
  - Ten regional plans
  - Five In-Home Supportive Services (IHSS) Plans
- Over 8.1 million enrollees in roughly 14,000 renewing groups are affected by the rate changes.
- Subsequent analysis excludes data for IHSS Plans.

# Average Large Group Monthly Premium 2016 – 2020



# Weighted Average Rate Increase Trend 2016 – 2020



# Average Rate Increase in 2020

	Unadjusted Average Rate Increase	Adjusted Average Rate Increase	Number of Enrollees	Average Premium PMPM
All Plans	4.3%	5.0%	8,104,561	\$515.85
Kaiser	3.7%	4.3%	5,257,666	\$498.88
All Plans Excluding Kaiser	5.3%	6.1%	2,846,895	\$547.20

# Average Rate Increase by Product Type

Product Type	Average Rate Increase	Minimum	Maximum	Average Premium PMPM
HMO	4.1%	0.0%	9.8%	\$509.14
PPO	5.9%	0.0%	9.4%	\$613.34
EPO	8.9%	0.0%	15.0%	\$561.38
POS	6.2%	-6.0%	9.1%	\$570.65
HDHP	4.4%	-2.1%	15.4%	\$472.75



# 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
<b>HMO</b>	5,899,465	726,048	163,860	26,898	108
<b>PPO</b>	248,164	241,280	97,301	20,833	10,846
<b>HDHP</b>	22,396	189,835	214,402	102,793	49,005
<b>POS</b>	79,327	138	1,806	-	-
<b>EPO</b>	25,533	11,965	6,059	2,033	5,388
<b>Total</b>	<b>6,274,885</b>	<b>1,169,266</b>	<b>483,428</b>	<b>152,557</b>	<b>65,347</b>

# Percentage of Renewing Groups by Rating Methodology

Category	Percentage of Renewing Groups	Number of Enrollees Affected	Unadjusted Average Rate Increase	Average Premium PMPM
<b>Community Rated</b>	63.4%	1,055,158	5.2%	\$519.40
<b>Blended</b>	25.1%	1,211,942	5.1%	\$512.95
<b>Experience Rated</b>	11.5%	5,728,242	4.0%	\$515.83

# Large Group Prescription Drug Costs

- Prescription drug expenses, net of manufacturer rebates, accounted for \$67.72, or 13.3%, of health plan premiums on a PMPM basis in 2020.
- Prescription drug costs increased by 1.7% in 2020, whereas medical expenses increased by 1.2%. Overall, health plan premiums increased by 3% from 2019 to 2020.
- The percentage of premium spent by large group health plans on prescription drugs ranged from 9.0% to 19.0%.

# Large Group Prescription Drug Costs

- Manufacturer drug rebates totaled approximately \$703 million, up from \$650 million in 2019. These rebates helped mitigate some of the overall impact of rising prescription drug prices by reducing total health plan premiums by 1.5% in 2020.
- All 23 health plans, including IHSS plans, utilized pharmacy benefit managers.

# Summary of the Prescription Drug Cost Transparency Report for Measurement Year 2019

# Reporting Parameters and Limitations

- Report includes information from 25 commercial health plans covering approximately 12.5 million Californians.
- Plan reporting is limited to prescription drug costs associated with the pharmacy benefit.
- Health plans do not include prescription drug costs for inpatient drugs or costs borne by delegated medical groups.
- Prescription drug costs for self-funded arrangements, Medical Managed Care, Medicare Advantage and plans/insurers not regulated by the DMHC are not reported.

# Key Findings

- Health plans paid more than \$9.6 billion for prescription drugs in 2019, an increase of almost \$600 million from 2018, and \$1 billion from 2017.
- Prescription drugs accounted for 12.8% of total health plan premiums in 2019, a slight increase from 12.7% in 2018.
- Health plans' prescription drug costs increased by 6.3% in 2019, whereas medical expenses increased by 5.2%.  
Overall, total health plan premiums increased by 5.3% from 2018 to 2019.

# Key Findings

- Manufacturer drug rebates totaled approximately \$1.2 billion, up from \$1.1 billion in 2018 and \$922 million in 2017. This represents about 12.5% of the \$9.6 billion spent on prescription drugs in 2019.
- While specialty drugs accounted for only 1.5% of all prescription drugs dispensed, they accounted for 56.1% of total annual spending on prescription drugs.
- Generic drugs accounted for 88.5% of all prescribed drugs but only 20.9% of the total annual spending on prescription drugs.



# Questions?