



Prescription Drug Cost Transparency Report

Measurement Year 2022

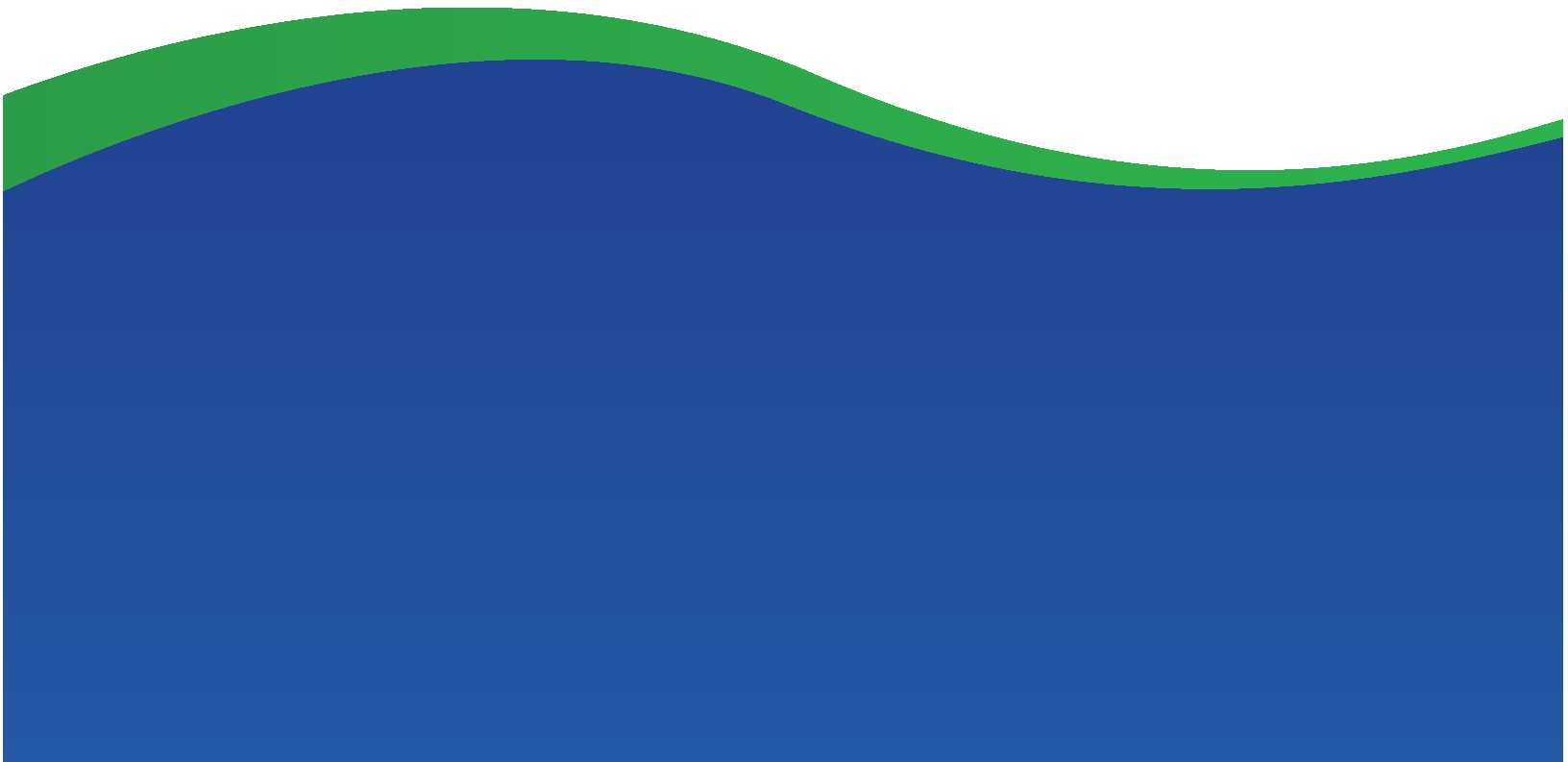


Table of Contents

I. Executive Summary	1
II. Introduction/Background.....	6
III. Overall Impact of Prescription Drug Costs on Premiums.....	7
IV. 25 Most Frequently Prescribed Drugs	12
V. 25 Most Costly Drugs by Total Annual Spending	17
VI. 25 Drugs with the Highest Year-Over-Year Increase in Total Annual Spending.....	21
VII. Conclusion	23
Appendix A: Summary of Data Limitations, Data Aggregation, Methods, and Assumptions.....	27
Appendix B: List of Health Plans Required to File Pursuant to California Health and Safety Code section 1367.243.....	29
Appendix C: Lists of Prescription Drugs	30
Appendix D: California Health and Safety Code section 1367.243 Text.....	39
Appendix E: Glossary.....	40

I. Executive Summary

The California Department of Managed Health Care (DMHC) protects consumers' health care rights and ensures a stable health care delivery system. As part of this mission, the DMHC licenses and regulates health care service plans (health plans) under the Knox-Keene Health Care Service Plan Act of 1975. The DMHC regulates the vast majority of commercial health plans and products in the large group, small group, and individual markets, including all of the health plans that participate in Covered California. The DMHC also regulates most Medi-Cal managed care plans, Medicare Advantage plans, and specialized health plans, including dental and vision plans.

California Health and Safety Code (HSC) section 1367.243 (SB 17, 2017) requires health plans that offer commercial products and file rate information with the DMHC to annually report specific information related to the costs of covered prescription drugs. Health plans first submitted their prescription drug cost data in 2018 for [measurement year 2017](#). The historical reports can be found on the [DMHC website](#). In 2023, 25 health plans submitted prescription drug data for measurement year 2022.¹

This report looks at the impact of the cost of prescription drugs on health plan premiums and compares this data across the reporting years. The DMHC considered the total volume of prescription drugs prescribed by health plans and the total cost paid by health plans for these drugs, on both an aggregate spending level and a per member per month (PMPM) basis and compared the annualized data. The DMHC also analyzed how the 25 most frequently prescribed drugs, the 25 most costly drugs, and the 25 drugs with the highest year-over-year (YOY) increase in total annual spending impacted health plan premiums over the course of the last six years.

Key Findings²

- Health plans paid about \$12.1 billion for prescription drugs in 2022, an increase of almost \$1.3 billion or 12.3% from 2021 (Table 1). On a PMPM basis, health plans paid \$79.82 in 2022, which is an increase of \$8.36 PMPM or 11.7% from 2021 (Table 2). Since 2017, prescription drug costs paid by health plans increased by \$3.4 billion or 39%.³
- Prescription drugs accounted for 14.2% of total health plan premiums in 2022, an increase from 13.3% in 2021 (Table 1). Prescription drugs accounted for 12.7% and 12.8% of total health plan premiums in 2020 and 2019, respectively.⁴
- Total prescription drug costs increased by 12.3% in 2022, whereas total medical expenses increased by 7.9%. Overall, total health plan premiums increased by 4.4% from 2021 to 2022. (Table 1)

¹ The list of health plans submitting prescription drug data is provided in Appendix B.

² The information in this report relies on the data submitted by the health plans.

³ Unless otherwise specified, the prescription drug costs in this report are not adjusted for any manufacturer rebates. However, this report includes the total manufacturer drug rebates collected by health plans.

⁴ The figures in this report include only those prescription drugs dispensed through retail or mail order pharmacies, and do 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 14.2% of premium in 2022 does not capture all costs of prescription drugs paid by health plans.

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- On a PMPM basis, health plans' prescription drug costs increased by 11.7%, medical expenses increased by 7.4% and health plan premiums increased by 3.9% from 2021 to 2022. PMPM calculations display the portion of the premium that was spent on a per member per month basis and are calculated using the total number of covered enrollees. Since the number of covered enrollees can vary from year to year, the PMPM premium and cost percentages may be higher or lower when compared to the overall premium and cost percentages. (Table 2)
 - Manufacturer drug rebates totaled approximately \$2.068 billion, up from \$1.674 billion in 2021 and \$1.437 billion in 2020. This represents about 17.1% of the \$12.1 billion spent on prescription drugs in 2022. On a PMPM basis, manufacturer drug rebates equaled \$13.65 PMPM, up from \$11.10 PMPM in 2021. This also equates to 17.1% of the \$79.82 PMPM health plans paid for prescription drugs in 2022. (Tables 1 and 2)⁵
 - The primary drugs that are driving the increase in the total prescription drug cost spending for 2022 are in the specialty and brand name drugs. Many of these drugs such as Jardiance, Ozempic, Victoza, Farxiga, and Wegovy are used in the management of diabetes or weight loss. Other drugs such as Stelara, Humira, Risankizumab, and Dupixent are biological immunological drugs. Several of these drugs, such as Wegovy and Victoza, are showing up in the top 25 lists for the first time in 2022, while drugs such as Risankizumab and Ozempic have risen in the rankings of most costly drugs. Consistent with these findings, other industry reports affirm that biologics and diabetes drugs rank among the most expensive and rapidly expanding drugs.
 - Specialty drugs accounted for only 1.6% of all prescription drugs dispensed but accounted for 64.0% of total annual spending on prescription drugs. (Table 3)⁶
 - Generic drugs accounted for 88.9% of all prescribed drugs but only 14.4% of the total annual spending on prescription drugs. (Table 3)
 - Brand name drugs accounted for 9.5% of all prescription drugs and constituted 21.6% of the total annual spending on prescription drugs. (Table 3)
 - The 25 most frequently prescribed drugs represented 49.2% of all drugs prescribed and approximately 50.9% of the total annual spending on prescription drugs. (Table 5)
 - For the 25 most frequently prescribed drugs, enrollees paid 3.3% of the cost of specialty drugs, 8.5% of the cost of brand name drugs, and 59.7% of the cost of generics. (Table 7b)
 - Of the 14.2% of total health plan premium that was spent on prescription drugs, the 25 most costly drugs accounted for 8.5%. (Table 8)

⁵ Health plans provided the total manufacturer drug rebate information for all drugs. The manufacturer drug rebate was not provided for the 25 most frequently prescribed drugs, the 25 most costly drugs or 25 drugs with highest year-over-year increase in total annual spending.

⁶ "Specialty Drug" is a drug with a 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)).

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- Overall, health plans paid 93.4% of the cost of the 25 most costly prescribed drugs across all three categories (generic, brand name and specialty). (Table 10b)
 - For the second year, Pfizer and Moderna COVID-19 vaccines were amongst the most frequently prescribed brand name drugs and the most costly brand name drugs. Also, this is the first year COVID-19 tests were among the brand name drugs with the highest year-over-year increase in total spending.

Chart 1a illustrates the total health plan premium, medical expenses, prescription drug expenses and profit on a PMPM basis from 2017 to 2022. All categories except profit increased consistently from 2017 to 2022. On average, enrollees paid \$560.16 per month in health plan premium in 2022 compared to \$539.13 in 2021, an increase of 3.9%. Health plan premiums increased by \$105.61 PMPM or 23.2% since 2017. Prescription drug expenses increased by 36.5% over the last six years, while medical expenses increased by 27.2%. Between 2017 and 2022, health plan profit margins have ranged from a high of \$18.57 PMPM in 2018 to a low of -\$15.57 in 2022.

Chart 1a

Six-Year Trend Analysis: Total Health Plan Premium, Medical Expenses, Prescription Drug Expenses and Profit (PMPM)

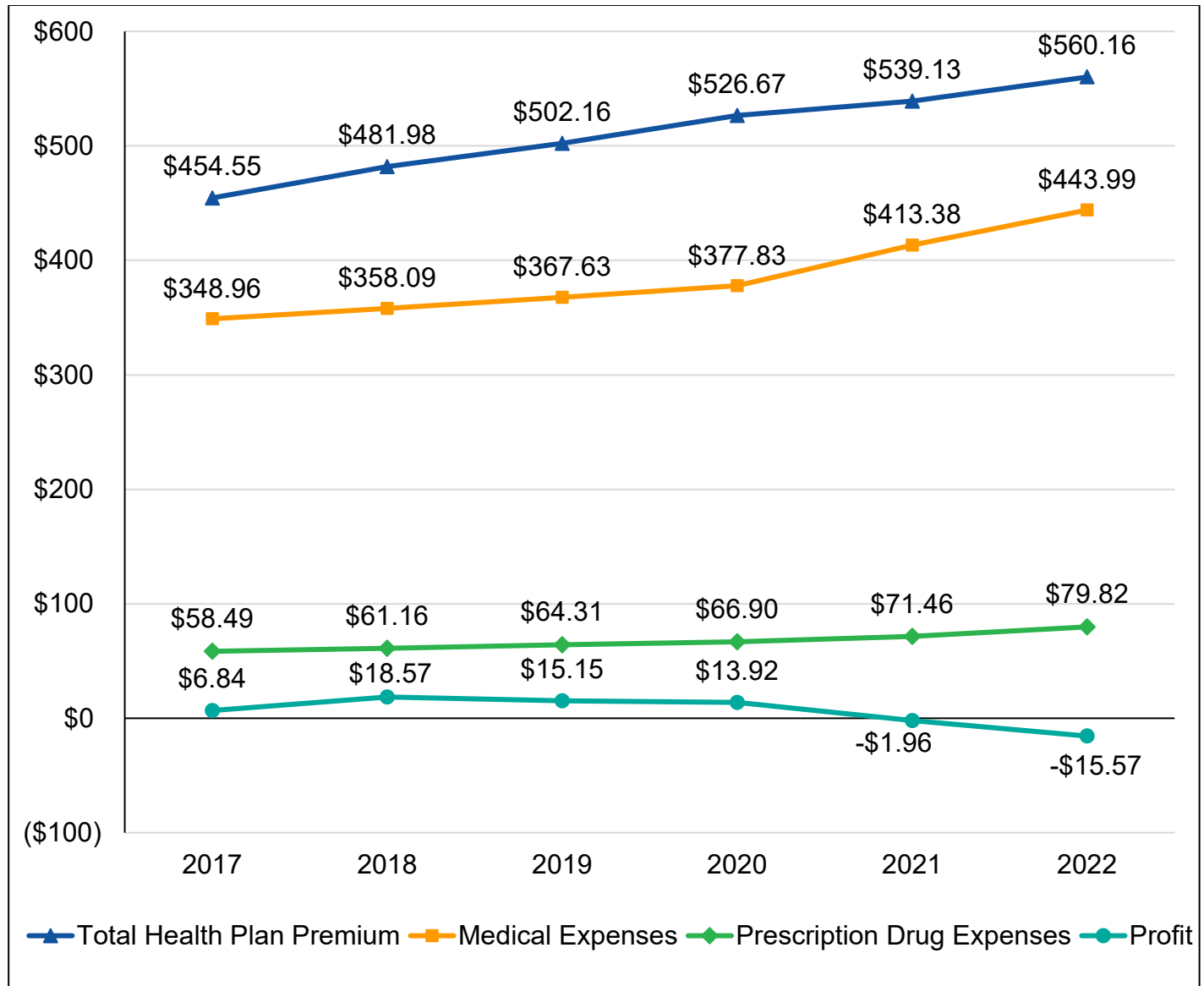
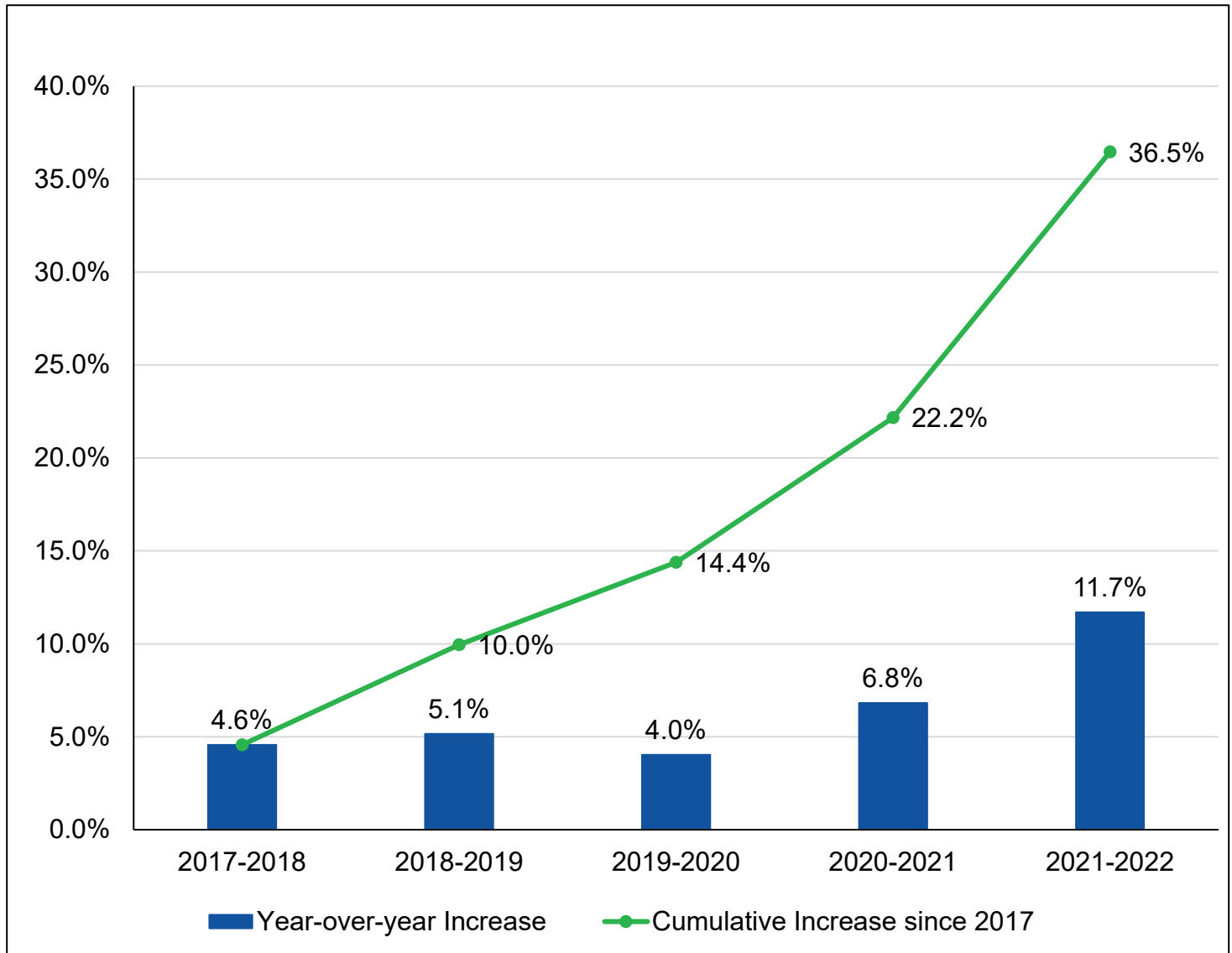


Chart 1b shows the year-over-year change in prescription drug costs on a PMPM basis from 2017 to 2022. Prescription drug costs have increased 36.5% over the last six years and on average, prescription drug costs have increased by approximately 6.4% each year. However, during the last two reporting years, the increases were higher than the six-year average. The significant increase from 2021 to 2022 in prescription drug spending is predominantly attributed to an increase in spending on brand name and specialty drugs. The total prescription drug amount paid by plans increased by approximately \$1.3 billion or \$8.71 PMPM from 2021 to 2022.

Chart 1b
Six-Year Trend Analysis: Prescription Drug Cost Increase Trend



II. Introduction/Background

Health plans that file rate information with the DMHC are required to report specific data related to prescription drugs each year. The DMHC is required to issue an annual report that summarizes how prescription drug costs impact health plan premiums including the following categories of information:

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

For the 2022 reporting year, 25 commercial health plans submitted data which included the proprietary drug names and therapy classes for generic, brand and specialty drugs. The number of prescriptions was measured in terms of units.⁷ The DMHC compiled and aggregated this data to ensure health plans' specific data remained confidential.⁸

Under a separate statutory requirement, 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. Large group rate information is not discussed in this report but will be posted on the [DMHC website](#).

⁷ A 30-day supply of a prescription drug is 1 unit; a supply of 31 to 60-days is 2 units, and a supply more than 60-days is 3 units.

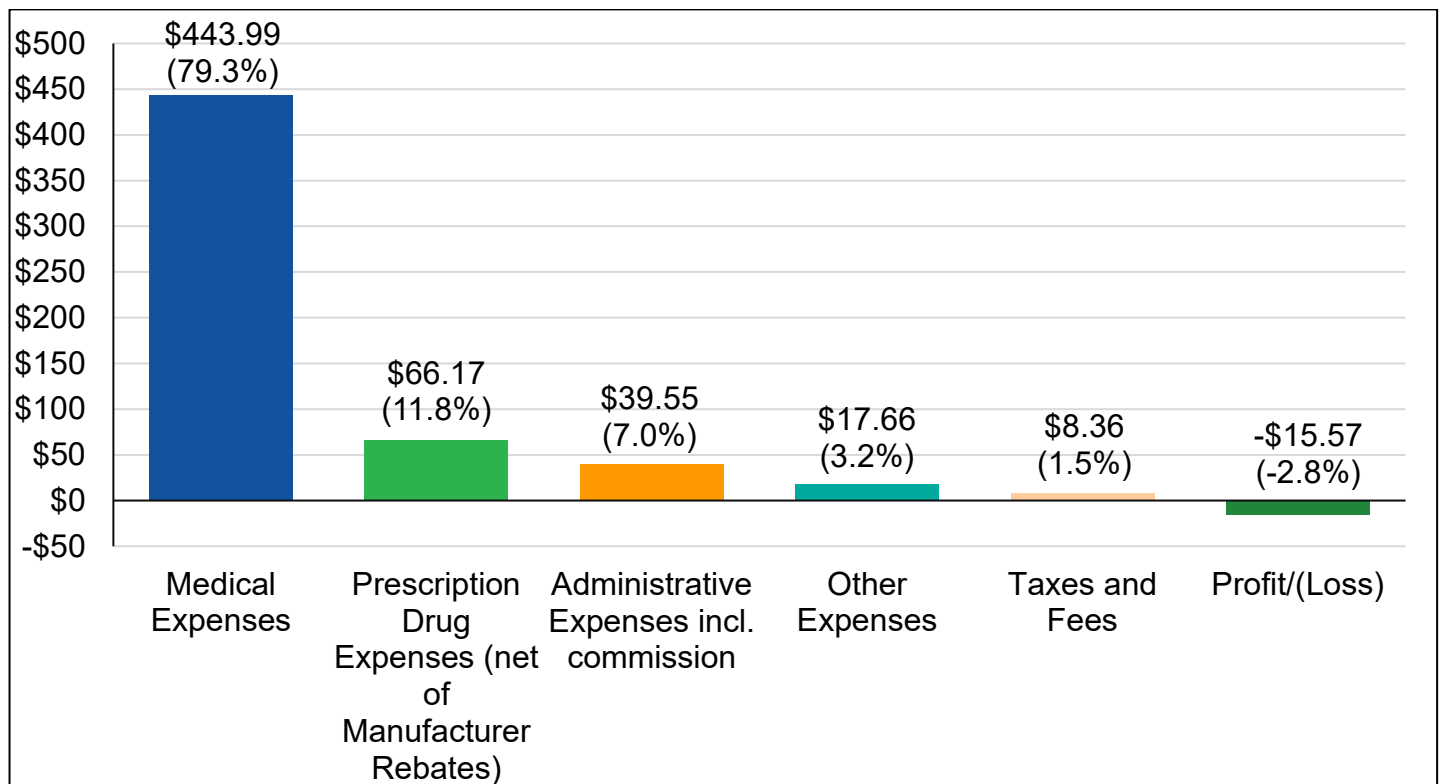
⁸ HSC section 1367.243(b).

III. Overall Impact of Prescription Drug Costs on Premiums

The DMHC evaluated the overall impact of the cost of prescription drugs on total health plan premiums by calculating the portion of premium dollars that health plans spent on prescription drugs in 2022.⁹ This was analyzed on an aggregate spending level and on a PMPM basis. PMPM calculations display the portion of the premium that was spent on a per member per month basis and are calculated using the total number of covered enrollees. Since the number of covered enrollees can change from year to year, the PMPM premium and cost percentages may be higher or lower when compared to the overall premium and cost percentages.

Chart 2 shows the breakdown of total health plan premiums on a PMPM basis. For measurement year 2022, the total health plan premium on a PMPM basis was \$560.16. Medical expenses accounted for \$443.99 or 79.3% of the health plan premium. Prescription drug expenses, net of manufacturer rebates, accounted for \$66.17 or 11.8% of total health plan premium. Profit accounted for -\$15.57 or -2.8% of the total health plan premium. Administrative expenses including commissions, other expenses¹⁰, and taxes and fees accounted for the remaining \$65.57 or 11.7% of the total health plan premium.

Chart 2
Breakdown of Total Health Plan Premium (PMPM)



⁹ Total health plan premium is the total amount the health plan paid for medical and prescription drug benefits, administrative expenses, taxes and fees, profits and adjustments for manufacturer rebates. Total health plan premium excludes member cost sharing.

¹⁰ Other expenses may include risk adjustment transfers, quality improvement expenses, Medical Loss Ratio (MLR) rebate, reinsurance, and incentive payments.

Table 1 shows the portion of total health plan premiums spent on prescription drugs in 2022, which was approximately \$12.1 billion, an increase of 12.3% from \$10.8 billion in 2021. These expenses represented 14.2% of total health plan premiums, up from 13.3% in 2021. Medical expenses made up 79.3%, or \$67.3 billion, of total health plan premiums. Medical expenses increased by 7.9% since 2021, a lower rate than prescription drug expenses. Manufacturer drug rebates increased by 23.5% in 2022 and totaled approximately \$2.1 billion in 2022 compared to \$1.7 billion in 2021. These rebates helped mitigate some of the overall impact of rising prescription drug prices by reducing total health plan premiums by 2.4% in 2022. Administrative expenses increased by 0.6% and commissions increased by 5.7%. The profits decreased materially from the previous year, and taxes and fees decreased by 19.9%.

Table 1
Impact of Prescription Drugs on Premiums (in millions)

Category of Premium Payment	2022	Percentage of Premium	2021	Percentage of Premium	YOY Percentage Change
Prescription Drug Expenses	\$12,091	14.2%	\$10,771	13.3%	12.3%
Medical Expenses	\$67,254	79.3%	\$62,310	76.7%	7.9%
Manufacturer Drug Rebates	(\$2,068)	(2.4%)	(\$1,674)	(2.1%)	23.5%
Administrative Expenses	\$4,196	4.9%	\$4,170	5.1%	0.6%
Other Expenses	\$2,676	3.2%	\$2,702	3.3%	(1.0%)
Commissions	\$1,795	2.1%	\$1,699	2.1%	5.7%
Taxes and Fees	\$1,267	1.5%	\$1,581	2.0%	(19.9%)
Profit	(\$2,358)	(2.8%)	(\$295)	(0.4%)	698.9%
Total Health Plan Premium	\$84,853	100.0%	\$81,264	100.0%	4.4%
Member Months (in millions)¹¹	151.5		150.7		0.5%

¹¹ Member months is the sum of the total members covered by the health plans for each month over a period of time. If a member is covered in a health plan for 12 months, then the total member months for the coverage period is 12.

Table 2 shows how the total health plan premium was spent on a PMPM basis in 2022 as compared to 2021. Health plans spent \$79.82 PMPM on prescription drugs in 2022, an increase of 11.7% from 2021. Medical expenses increased by 7.4% from 2021, a lower increase rate than prescription drug expenses. Manufacturer drug rebates were \$13.65 PMPM in 2022 compared to \$11.10 PMPM in 2021. Administrative expenses increased by 0.1% and commissions increased by 5.1%. The profits decreased materially from the previous year, and taxes and fees decreased by 20.3%.

Table 2

Impact of Prescription Drugs on Premiums by PMPM

Category of Premium Payment	2022	Percentage of Premium	2021	Percentage of Premium	YOY Percentage Change
Prescription Drug Expenses	\$79.82	14.2%	\$71.46	13.3%	11.7%
Medical Expenses	\$443.99	79.3%	\$413.38	76.7%	7.4%
Manufacturer Drug Rebates	(\$13.65)	(2.4%)	(\$11.10)	(2.1%)	23.0%
Administrative Expenses	\$27.70	4.9%	\$27.67	5.1%	0.1%
Other Expenses	\$17.66	3.2%	\$17.92	3.3%	(1.5%)
Commissions	\$11.85	2.1%	\$11.27	2.1%	5.1%
Taxes and Fees	\$8.36	1.5%	\$10.49	2.0%	(20.3%)
Profit	(\$15.57)	(2.8%)	(\$1.96)	(0.4%)	694.4%
Total Health Plan Premium	\$560.16	100.0%	\$539.13	100.0%	3.9%
Member Months (in millions)	151.5		150.7		0.5%

Tables 3 and 4 show the portion of total annual spending on prescription drugs that was spent on generic, brand name, and specialty drugs for 2019, 2020, 2021, and 2022. Total annual spending on prescription drugs is the total amount paid by health plans and enrollees for prescription drugs and is not adjusted for any manufacturer rebates.

These tables highlight how specialty drugs account for a small portion of the total drugs prescribed but make up more than half of the total annual spending on prescription drugs. For example, generic drugs accounted for 88.9% of all prescribed drugs but represented only 14.4% (or \$12.41 PMPM) of the total annual spending on prescription drugs in 2022. Conversely, specialty drugs accounted for only 1.6% of all drugs prescribed but represented 64% (or \$54.94 PMPM) of the total annual spending on prescription drugs.

As seen on Tables 3 and 4, the proportion of generic and brand name drugs spending have decreased from three years ago. Conversely, the proportion of specialty drugs spending has increased year over year.

Table 3

Volume of Prescription Drugs and Total Annual Spending on All Prescription Drugs

Category	Generic	Brand Name	Specialty	Overall
Measurement Year – 2022				
2022 Volume of All Prescription Drugs	88.9%	9.5%	1.6%	100.0%
2022 Annual Spending on All Prescription Drugs	14.4%	21.6%	64.0%	100.0%
Measurement Year – 2021				
2021 Volume of All Prescription Drugs	88.2%	10.2%	1.6%	100.0%
2021 Annual Spending on All Prescription Drugs	16.3%	20.8%	62.9%	100.0%
Measurement Year – 2020				
2020 Volume of All Prescription Drugs	89.1%	9.3%	1.6%	100.0%
2020 Annual Spending on All Prescription Drugs	18.1%	21.7%	60.2%	100.0%
Measurement Year – 2019				
2019 Volume of All Prescription Drugs	88.5%	10.0%	1.5%	100.0%
2019 Annual Spending on All Prescription Drugs	20.9%	23.0%	56.1%	100.0%

Table 4**Total Annual Spending on Prescription Drugs by PMPM**

Category	Generic	Brand Name	Specialty	Overall
Measurement Year – 2022				
2022 Annual Spending on All Prescription Drugs	\$12.41	\$18.58	\$54.94	\$85.93
2022 Number of Prescriptions (in millions)	122.5	13.1	2.3	137.9
2022 Total Member Months for Pharmacy Benefits Carve-in (in millions)				151.5
Measurement Year – 2021				
2021 Annual Spending on All Prescription Drugs	\$12.62	\$16.11	\$48.73	\$77.46
2021 Number of Prescriptions (in millions)	107.6	12.4	2.0	122.0
2021 Total Member Months for Pharmacy Benefits Carve-in (in millions)				150.7
Measurement Year - 2020				
2020 Annual Spending on All Prescription Drugs	\$13.40	\$16.07	\$44.70	\$74.17
2020 Number of Prescriptions (in millions)	108.2	11.3	2.0	121.5
2020 Total Member Months for Pharmacy Benefits Carve-in (in millions)				151.0
Measurement Year – 2019				
2019 Annual Spending on All Prescription Drugs	\$14.96	\$16.50	\$40.22	\$71.68
2019 Number of Prescriptions (in millions)	110.1	12.5	1.9	124.5
2019 Total Member Months for Pharmacy Benefits Carve-in (in millions)				149.6

IV. 25 Most Frequently Prescribed Drugs

Health plans reported specific data on the 25 most frequently prescribed drugs. This data has been aggregated and is displayed in the charts in Appendix C. The observations from the 2022 health plan data related to the 25 most frequently prescribed drugs include:

- The 25 most frequently prescribed drugs accounted for approximately 49.2% of all prescribed drugs and approximately 50.9% of the total annual spending on prescription drugs. (Table 5)
- The 25 most frequently prescribed generic drugs represented 41.0% of all prescriptions. However, generic drugs accounted for only 3.1% of the total annual spending on prescription drugs and only 0.2% of the total health plan premium. (Table 5)
- In contrast, the 25 most frequently prescribed specialty drugs accounted for only 1.2% of all prescriptions but 35.0% of the total annual spending on prescription drugs and 5.2% of the total health plan premium. (Table 5)
- Total annual health plan spending on prescription drugs was \$79.82 PMPM. Overall, the 25 most frequently prescribed drugs accounted for \$40.18 PMPM (50.3%) of the total annual health plan spending on prescription drugs. (Table 6)
- Total annual spending for the 25 most frequently prescribed drugs was \$6.61 billion of which \$6.1 billion was paid by health plans and \$526 million was paid by enrollees. Health plans paid 92% of the total costs for the 25 most frequently prescribed drugs and enrollees paid the remaining 8%. (Tables 7a and 7b)

Table 5 summarizes the 25 most frequently prescribed drugs by total annual spending on prescription drugs for 2019, 2020, 2021, and 2022.

Table 5

25 Most Frequently Prescribed Drugs by Total Annual Spending

Category	25 Most Frequently Prescribed Drugs				All Other Prescribed Drugs	Total
	Generic	Brand Name	Specialty	Subtotal		
Measurement Year – 2022						
2022 Total Percentage of Prescription Drugs	41.0%	7.0%	1.2%	49.2%	50.8%	100.0%
2022 Total Annual Spending on Prescription Drugs	3.1%	12.8%	35.0%	50.9%	49.1%	100.0%
2022 Impact on Total Health Plan Premiums	0.2%	1.8%	5.2%	7.2%	7.0%	14.2%
Measurement Year – 2021						
2021 Total Percentage of Prescription Drugs	40.3%	7.8%	1.1%	49.2%	50.8%	100.0%
2021 Total Annual Spending on Prescription Drugs	3.0%	10.9%	28.6%	42.5%	57.5%	100.0%
2021 Impact on Total Health Plan Premiums	0.2%	1.4%	4.0%	5.6%	7.7%	13.3%
Measurement Year – 2020						
2020 Total Percentage of Prescription Drugs	40.5%	6.6%	1.1%	48.2%	51.8%	100.0%
2020 Total Annual Spending on Prescription Drugs	3.3%	11.9%	31.0%	46.2%	53.8%	100.0%
2020 Impact on Total Health Plan Premiums	0.2%	1.5%	4.2%	5.9%	6.8%	12.7%
Measurement Year – 2019						
2019 Total Percentage of Prescription Drugs	39.7%	6.7%	1.0%	47.4%	52.6%	100.0%
2019 Total Annual Spending on Prescription Drugs	4.1%	12.5%	28.3%	44.9%	55.1%	100.0%
2019 Impact on Total Health Plan Premiums	0.3%	1.6%	3.9%	5.8%	7.0%	12.8%

Table 6 summarizes the 25 most frequently prescribed drugs by PMPM dollar amounts. The PMPM calculations were made using the total annual health plan spending on prescription drugs, which excludes enrollee cost sharing and is not adjusted for any manufacturer rebates.

Table 6
25 Most Frequently Prescribed Drugs by PMPM

Category	2022 PMPM Amount	2022 Percentage of Total Annual Health Plan Drug Spending	2021 PMPM Amount	2021 Percentage of Total Annual Health Plan Drug Spending
Generic Drugs	\$1.06	1.3%	\$0.89	1.2%
Brand Name Drugs	\$10.03	12.6%	\$7.69	10.8%
Specialty Drugs	\$29.09	36.4%	\$21.43	29.9%
25 Most Frequently Prescribed Drugs Total	\$40.18	50.3%	\$30.01	41.9%
All Other Prescribed Drugs	\$39.64	49.7%	\$41.45	58.1%
Total Annual Health Plan Prescription Drug Spending	\$79.82	100.0%	\$71.46	100.0%

Tables 7a and 7b show the portion of prescription drug costs paid by both health plans and enrollees for 2021 and 2022.

Table 7a

25 Most Frequently Prescribed Drugs by Health Plan and Enrollee Spending

Category	Total Prescription Cost Paid by Health Plans (in millions)		Total Member Cost Sharing (in millions)		Total Annual Spending for Prescription Drugs (in millions)	
	2022	2021	2022	2021	2022	2021
Measurement Year	2022	2021	2022	2021	2022	2021
Generic Drugs	\$160	\$133	\$237	\$221	\$397	\$354
Brand Name Drugs	\$1,519	\$1,159	\$141	\$118	\$1,660	\$1,277
Specialty Drugs	\$4,405	\$3,230	\$148	\$109	\$4,553	\$3,339
25 Most Frequently Prescribed Drugs Total	\$6,084	\$4,522	\$526	\$448	\$6,610	\$4,970
All Other Prescribed Drugs	\$6,007	\$6,249	\$398	\$457	\$6,405	\$6,706
Total for All Prescribed Drugs	\$12,091	\$10,771	\$924	\$905	\$13,015	\$11,676

Table 7b**25 Most Frequently Prescribed Drugs by Health Plan and Enrollee Percent of Spending**

Category	2022 Percentage Paid by Health Plans	2022 Percentage Paid by Enrollees	2022 Total Percentage Paid by Health Plans and Enrollees	2021 Percentage Paid by Health Plans	2021 Percentage Paid by Enrollees	2021 Total Percentage Paid by Health Plans and Enrollees
Generic Drugs	40.3%	59.7%	100.0%	37.6%	62.4%	100.0%
Brand Name Drugs	91.5%	8.5%	100.0%	90.8%	9.2%	100.0%
Specialty Drugs	96.7%	3.3%	100.0%	96.7%	3.3%	100.0%
25 Most Frequently Prescribed Drugs Total	92.0%	8.0%	100.0%	91.0%	9.0%	100.0%

V. 25 Most Costly Drugs by Total Annual Spending

This section analyzes the prescription drug information related to the 25 most costly drugs. The charts in Appendix C list the 25 most costly generic, brand name, and specialty drugs. The observations from the 2022 health plan data related to the 25 most costly drugs by total annual spending includes:

- The 25 most costly drugs by total annual spending accounted for 33.4% of the total number of prescribed drugs and 58.9% of the total annual spending on prescription drugs. Of the 14.2% of total health plan premium that was spent on prescription drugs, the 25 most costly drugs accounted for 8.5%. (Table 8)
- The specialty drugs included in the 25 most costly drugs accounted for only 1% of all prescriptions, but they represented 39.4% of the total annual prescription drug spending and approximately 5.9% of the overall total health plan premiums. Conversely, the generic drugs included in the 25 most costly drugs accounted for 26.7% of all prescribed drugs, but only 4.9% of the total annual spending on prescription drugs and 0.5% of health plan premiums. (Table 8)
- Overall, the 25 most costly drugs accounted for \$47.26 PMPM (59.2%) of the total annual health plan spending on prescription drugs in 2022. (Table 9)
- For the 25 most costly drugs, health plans paid 93.4% of the costs in 2022 and enrollees paid the remaining 6.6%. Health plans spent approximately \$7.2 billion, and enrollees spent an additional \$505 million on the 25 most costly prescription drugs. (Tables 10a and 10b)
- Health plans paid 97.2% of the 25 most costly specialty drugs, 92% of the 25 most costly brand name drugs, and 66.7% of the 25 most costly generic drugs. Enrollees paid 2.8% of the cost of the 25 most costly specialty drugs, 8% of the costs of the 25 most costly brand name drugs, and 33.3% of the cost of the 25 most costly generic drugs. (Table 10b)

Table 8 summarizes the 25 most costly drugs by total annual spending on prescription drugs for 2019, 2020, 2021, and 2022.

Table 8
25 Most Costly Prescribed Drugs by Total Annual Spending

Category	25 Most Costly Prescribed Drugs				All Other Prescribed Drugs	Total
	Generic	Brand Name	Specialty	Subtotal		
Measurement Year – 2022						
2022 Total Percentage of Prescription Drugs	26.7%	5.7%	1.0%	33.4%	66.6%	100.0%
2022 Total Annual Spending on Prescription Drugs	4.9%	14.6%	39.4%	58.9%	41.1%	100.0%
2022 Impact on Total Health Plan Premiums	0.5%	2.1%	5.9%	8.5%	5.7%	14.2%
Measurement Year – 2021						
2021 Total Percentage of Prescription Drugs	26.6%	6.6%	0.9%	34.1%	65.9%	100.0%
2021 Total Annual Spending on Prescription Drugs	5.2%	12.6%	33.4%	51.2%	48.8%	100.0%
2021 Impact on Total Health Plan Premiums	0.5%	1.6%	4.7%	6.8%	6.5%	13.3%
Measurement Year – 2020						
2020 Total Percentage of Prescription Drugs	25.7%	5.6%	1.0%	32.3%	67.7%	100.0%
2020 Total Annual Spending on Prescription Drugs	5.7%	13.5%	35.6%	54.8%	45.2%	100.0%
2020 Impact on Total Health Plan Premiums	0.6%	1.7%	4.9%	7.2%	5.5%	12.7%
Measurement Year – 2019						
2019 Total Percentage of Prescription Drugs	25.7%	5.7%	0.9%	32.3%	67.7%	100.0%
2019 Total Annual Spending on Prescription Drugs	6.8%	14.1%	33.2%	54.1%	45.9%	100.0%
2019 Impact on Total Health Plan Premiums	0.7%	1.8%	4.6%	7.1%	5.7%	12.8%

Table 9 summarizes the 25 most costly drugs by PMPM dollar amounts. The PMPM calculations were made using the total annual health plan spending on prescription drugs, which excludes enrollee cost sharing and is not adjusted for any manufacturer rebates.

Table 9

25 Most Costly Drugs by PMPM

Category	2022 PMPM Amount	2022 Percentage of Total Annual Health Plan Drug Spending	2021 PMPM Amount	2021 Percentage of Total Annual Health Plan Drug Spending
Generic Drugs	\$2.80	3.5%	\$2.71	3.8%
Brand Name Drugs	\$11.53	14.4%	\$8.90	12.4%
Specialty Drugs	\$32.93	41.3%	\$25.10	35.1%
25 Most Costly Drugs Total	\$47.26	59.2%	\$36.71	51.3%
All Other Prescribed Drugs	\$32.56	40.8%	\$34.75	48.7%
Total Annual Health Plan Prescription Drug Spending	\$79.82	100.0%	\$71.46	100.0%

Tables 10a and 10b show the portion of prescription drug costs that were paid by both health plans and enrollees in 2021 and 2022.

Table 10a

25 Most Costly Drugs by Health Plan and Enrollee Spending

Category	Total Prescription Cost Paid by Health Plans (in millions)		Total Member Cost Sharing (in millions)		Total Annual Spending for Prescription Drugs (in millions)	
	2022	2021	2022	2021	2022	2021
Generic Drug	\$424	\$409	\$211	\$201	\$635	\$610
Brand Name Drug	\$1,745	\$1,340	\$152	\$128	\$1,897	\$1,468
Specialty Drug	\$4,988	\$3,784	\$142	\$111	\$5,130	\$3,895
Total	\$7,157	\$5,533	\$505	\$440	\$7,662	\$5,973

Table 10b

25 Most Costly Drugs by Health Plan and Enrollee Percent of Spending

Category	2022 Percentage Paid by Health Plans	2022 Percentage Paid by Enrollees	2022 Total Percentage Paid by Health Plans and Enrollees	2021 Percentage Paid by Health Plans	2021 Percentage Paid by Enrollees	2021 Total Percentage Paid by Health Plans and Enrollees
Generic Drug	66.7%	33.3%	100.0%	67.1%	32.9%	100.0%
Brand Name Drug	92.0%	8.0%	100.0%	91.3%	8.7%	100.0%
Specialty Drug	97.2%	2.8%	100.0%	97.1%	2.9%	100.0%
Total	93.4%	6.6%	100.0%	92.6%	7.4%	100.0%

VI. 25 Drugs with the Highest Year-Over-Year Increase in Total Annual Spending

Table 11 summarizes the 25 drugs with the highest year-over-year increase in total annual spending for 2019, 2020, 2021, and 2022. The observations from the 2022 health plan data related to the 25 drugs with the highest year-over-year increase in total spending include:

- Overall, the 25 drugs with the highest year-over-year increase in spending accounted for 45.6% of the total annual spending on prescription drugs, an increase from the prior year.
- The 25 specialty drugs with the highest year-over-year increase in spending accounted for 32.2% of the total annual spending on prescription drugs. The 25 brand name drugs with the highest year-over-year increase in spending accounted for 10.7% of the total annual spending on prescription drugs. The 25 generic drugs with the highest year-over-year increase accounted for only 2.7% of the total annual spending on prescription drugs.
- The primary drugs that are driving the increase in the total prescription drug cost spending for 2022 are detailed in the “25 Specialty Drugs with the Highest Year-Over-Year Increase” and “25 Brand Name Drugs with the Highest Year-Over-Year Increase” tables in Appendix C. Many of these drugs such as Jardiance, Ozempic, Victoza, Farxiga, and Wegovy are used in the management of diabetes or weight loss. Other drugs such as Stelara, Humira, Risankizumab, and Dupixent are biological immunological drugs. Several of these drugs, such as Wegovy and Victoza, are showing up in the top 25 lists for the first time in 2022, while drugs such as Risankizumab and Ozempic have risen in the rankings of most costly drugs. Consistent with these findings, other industry reports affirm that biologics and diabetes drugs rank among the most expensive and rapidly expanding drugs.

Since health plan reporting did not include specific data on the change in volume of prescription drugs, the DMHC is unable to discern whether the 25 drugs with the highest year-over-year increase in spending is due to increases in drug prices, increases in the volume of prescriptions, or some combination of both.

Table 11

25 Drugs with Highest Year-Over-Year Increase in Total Annual Spending on All Prescription Drugs

Category	25 Drugs with Highest Year-Over-Year Increase in Total Spending				All Other Prescribed Drugs	Total
	Generic	Brand Name	Specialty	Subtotal		
Measurement Year – 2022						
Total Annual Spending on Prescription Drugs with highest year-over-year increase from 2021 to 2022	2.7%	10.7%	32.2%	45.6%	54.4%	100.0%
Measurement Year – 2021						
Total Annual Spending on Prescription Drugs with highest year-over-year increase from 2020 to 2021	2.6%	7.7%	22.6%	32.9%	67.1%	100.0%
Measurement Year – 2020						
Total Annual Spending on Prescription Drugs with highest year-over-year increase from 2019 to 2020	2.9%	9.2%	23.7%	35.8%	64.2%	100.0%
Measurement Year – 2019						
Total Annual Spending on Prescription Drugs with highest year-over-year increase from 2018 to 2019	4.1%	8.8%	22.3%	35.2%	64.8%	100.0%

VII. Conclusion

The impact of prescription drug costs on health plan premiums is significant. Health plans paid about \$12.1 billion for prescription drugs in 2022, up from approximately \$10.8 billion in 2021 and \$10.1 billion in 2020. Enrollees spent nearly \$1 billion for prescription drugs in 2022. Since 2017, prescription drug costs paid by health plans increased by \$3.4 billion. Prescription drug costs paid by health plans accounted for 14.2% of the total health plan premium, which has increased since 2017.

The significant increase from 2021 to 2022 in prescription drug spending is predominantly attributed to an increase in spending on brand name and specialty drugs. The total prescription drug amount paid by plans increased by approximately \$1.3 billion or \$8.71 PMPM from 2021 to 2022. Of this total increase, around \$950 million can be attributed to higher specialty drug spending, while brand name drug spending rose by around \$410 million. The total amount spent on generic drugs decreased by about \$40 million from 2021 to 2022.

The cost of specialty drugs continues to be a driver of overall health care costs. Overall, specialty drugs accounted for 1.6% of the total number of drugs prescribed, but 64% of the total annual spending on prescription drugs. Generic drugs made up 88.9% of all the drugs prescribed in 2022 but represented only 14.4% of total annual spending on prescription drugs. Brand name drugs made up 9.5% of all the drugs prescribed in 2022 and represented 21.6% of total spending on prescription drugs.

Generally, the proportion of drugs dispensed as generic increased from 2017 to 2022. However, the proportion of the total annual spend increased for specialty drugs and decreased for generic and brand name drugs from 2017 through 2022.

For the second year, Pfizer and Moderna COVID-19 vaccines were amongst the most frequently prescribed brand name drugs and the most costly brand name drugs. Also, this is the first year COVID-19 tests were among the brand name drugs with the highest year-over-year increase in total spending.

The report provides important information on the impact of prescription drug costs on health care premiums. The DMHC will continue to collect and annually report the data which will enable the public to understand how the cost of prescription drugs impact health care premiums over time.

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Appendices

to the

Prescription Drug Cost Transparency Report

Measurement Year 2022

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Appendix A:

Summary of Data Limitations, Data Aggregation, Methods, and Assumptions

In developing this report, the DMHC relied on data and information provided by 25 health care service plans. The DMHC did not audit the data sources for accuracy; however, the DMHC reviewed them for reasonableness.

Each health plan provided a list of its 25 most frequently prescribed drugs, its 25 most costly drugs, and the 25 drugs with the highest dollar increases in spending from 2021 to 2022. This data was provided separately for generic, brand name, and specialty drugs. In total, each health plan provided nine lists of drugs, each with 25 entries. These appear in Appendix C. The analyses within this report are related to the drugs on those lists.

The lists of drugs provided by the health plans were aggregated by prescription drug name. In addition to the drug name, the health plans provided National Drug Codes (NDC) for each drug. The NDCs were cross-referenced against the drug name to ensure the names of drugs were aggregated appropriately.

Two common inconsistencies were observed when aggregating the drugs by name and cross-referencing the NDC. First, two drugs with the same NDCs may have been given different variations of a name by different health plans. For example, Health Plan A assigns the drug name for a group of NDCs as Advair while Health Plan B assigns the name Advair Diskus to the same set of NDCs. In this case, it was assumed these two health plans were referencing the same drug and were given a common name (e.g., Advair). Second, for a given set of NDC codes, two health plans may have assigned a varying number of drug names. For instance, Health Plan A references a given set of NDCs as Metformin while Health Plan B separates those same NDCs between Metformin HCL and Metformin HCL ER. In this case, because Health Plan A's list does not provide the additional breakdown, we utilized the common name (e.g., Metformin).

In the process of aggregating the data, a program cross-referenced differing drug names which referenced the same NDCs. Manual checks were then performed to ensure that drugs with naming inconsistencies were combined appropriately.

Once aggregated, the prescription drugs were sorted by the total number of prescriptions for the 25 most frequently prescribed drugs, the total annual prescription drug spending in 2022 for the 25 most costly drugs, and the total dollar amount increase in spending from 2021 to 2022 for the 25 drugs with the highest increase. From there, the top 25 drugs were selected from each category.

It should be noted that, because only a top 25 list was provided by the health plans, the analyses are not based on total spending and prescriptions by these health plans. For instance, if one health plan had a drug at number 17 on its list and another health plan had it at 28, the spending and prescriptions for that second health plan would not have been provided. However, given that approximately 82% of the market is dominated by three health plans and that across the nine lists, the 25th drug is less than 2% of total prescription drug spending and equal to or less than 1% of spending within its respective generic, brand name, or specialty drug class in eight of the nine lists, the DMHC believes the analyses in this report are representative of the prescription drug market in the state of California.

Appendix A:

Summary of Data Limitations, Data Aggregation, Methods, and Assumptions

Each prescription drug name was also associated with a therapy class relating to the therapeutic category in line with the United States Pharmacopeia standards. While some health plans provided this information, others left this field blank or referenced other therapeutic classes. For consistency, each drug was manually assigned a therapy class as shown in the charts in Appendix C.

The health plans aggregated total costs of drugs and total number of prescriptions by generic, brand name, and specialty drugs as well as the total amount the health plan paid in aggregate for generic, brand name, and specialty drugs.

The health plans also provided their medical expenses, manufacturer rebates, administrative expenses, commissions, taxes and fees, and profit which allowed the DMHC to develop a total premium value.

Appendix B:

List of Health Plans Required to File Pursuant to California Health and Safety Code section 1367.243

#	Health Plan Name	Doing Business As (DBA)
1	Aetna Health of California, Inc.	
2	Alameda Alliance For Health	
3	Blue Cross of California	Anthem Blue Cross
4	California Physicians' Service	Blue Shield of California
5	Chinese Community Health Plan	
6	Cigna HealthCare of California, Inc.	
7	Community Care Health Plan, Inc.	
8	Contra Costa County Medical Services	Contra Costa Health Plan
9	County of Ventura	Ventura County Health Care Plan
10	Health Net of California, Inc.	
11	Kaiser Foundation Health Plan, Inc.	Kaiser Permanente
12	Local Initiative Health Authority For Los Angeles County	L.A. Care Health Plan
13	MemorialCare Select Health Plan	
14	Molina Healthcare of California	
15	Oscar Health Plan of California	
16	San Francisco Health Authority	San Francisco Health Plan
17	San Mateo Health Commission	Health Plan of San Mateo
18	Santa Clara County	Valley Health Plan
19	Santa Cruz-Monterey-Merced-San Benito-Mariposa Managed Medical Care Commission	Central California Alliance for Health
20	Scripps Health Plan Services, Inc.	
21	Sharp Health Plan	
22	Sutter Health Plan	Sutter Health Plus
23	UHC of California	UnitedHealthcare of California
24	UnitedHealthcare Benefits Plan of California	
25	Western Health Advantage	

Appendix C:

Lists of Prescription Drugs

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	Antibacterials; Hormonal Agents - Thyroid
5	AMLODIPINE	Cardiovascular Agents
6	LOSARTAN	Cardiovascular Agents
7	ROSUVASTATIN	Cardiovascular Agents
8	SERTRALINE	Antidepressants
9	ESCITALOPRAM	Antidepressants
10	ALBUTEROL	Respiratory Tract/Pulmonary Agents
11	HYDROCHLOROTHIAZIDE	Cardiovascular Agents
12	IBUPROFEN	Analgesics; Anti-Inflammatory Agents
13	OMEPRAZOLE	Gastrointestinal Agents
14	GABAPENTIN	Anticonvulsants
15	BUPROPION	Antidepressants
16	FLUOXETINE	Antidepressants
17	MONTELUKAST	Respiratory Tract/Pulmonary Agents
18	TRAZODONE	Antidepressants
19	METOPROLOL	Cardiovascular Agents
20	GLIPIZIDE	Blood Glucose Regulators
21	HYDROCODONE	Analgesics
22	ATENOLOL	Cardiovascular Agents
23	JUNEL	Contraceptives
24	SILDENAFIL	Respiratory Tract/Pulmonary Agents
25	AMOXICILLIN	Antibacterials

Appendix C:

Lists of Prescription Drugs

25 Most Frequently Prescribed Brand Name Drugs

Rank	Prescription Drug Name	Therapy Class
1	PFIZER COVID-19 VACCINE	Viral Vaccines
2	HUMULIN	Blood Glucose Regulators
3	MODERNA COVID-19 VACCINE	Viral Vaccines
4	JARDIANCE	Blood Glucose Regulators
5	ALVESCO	Respiratory Tract/Pulmonary Agents
6	HUMALOG	Blood Glucose Regulators
7	LANTUS	Blood Glucose Regulators
8	SYNTHROID	Hormonal Agents - Thyroid
9	FLUCELVAX	Vaccines
10	VYVANSE	Central Nervous System Agents
11	PAXLOVID	Antivirals
12	LO LOESTRIN FE	Contraceptives; Hormonal Agents - Sex Hormones/Modifiers
13	RETIN-A	Dermatological Agents
14	ELIQUIS	Blood Products And Modifiers
15	PRADAXA	Blood Products And Modifiers
16	ACCU-CHEK	Glucose Testing Supplies
17	FLUZONE	Vaccines
18	SHINGRIX	Vaccines
19	FLUARIX	Vaccines
20	JANUVIA	Blood Glucose Regulators
21	ESTRADIOL	Hormonal Agents - Sex Hormones/Modifiers
22	ONETOUCH	Glucose Testing Supplies
23	NOVOLOG	Blood Glucose Regulators
24	FLOVENT	Inflammatory Bowel Disease Agents; Respiratory Tract/Pulmonary Agents
25	XARELTO	Blood Products And Modifiers

Appendix C:

Lists of Prescription Drugs

25 Most Frequently Prescribed Specialty Drugs

Rank	Prescription Drug Name	Therapy Class
1	OZEMPIC	Blood Glucose Regulators
2	TRULICITY	Blood Glucose Regulators
3	HUMIRA	Immunological Agents
4	BIKTARVY	Antivirals
5	DESCOVY	Antivirals
6	DUPIXENT	Dermatological Agents; Immunological Agents
7	LATUDA	Antipsychotics
8	ENBREL	Immunological Agents
9	COSENTYX	Dermatological Agents; Immunological Agents
10	RYBELSUS	Antidiabetics
11	STELARA	Immunological Agents
12	OTEZLA	Dermatological Agents; Immunological Agents
13	GENVOYA	Antivirals
14	EMTRICITABINE AND TENOFOSFIR DISOPROXIL FUMARATE	Antivirals
15	NURTEC ODT	Antimigraine Agents
16	TRIUMEQ	Antivirals
17	XIFAXAN	Antibacterials
18	VEMLIDY	Antivirals
19	WEGOVY	Anti-Obesity Agents
20	VICTOZA	Blood Glucose Regulators
21	CREON	Genetic Or Enzyme Disorder: Replacement, Modifiers, Treatment
22	VRAYLAR	Antipsychotics
23	UBRELVY	Antimigraine Agents
24	REXULTI	Antipsychotics
25	ODEFSEY	Antivirals

Appendix C:

Lists of Prescriptions Drugs

25 Most Costly Generic Drugs by Total Annual Spending

Rank	Prescription Drug Name	Therapy Class
1	WIXELA	Bronchodilators, Sympathomimetic
2	ALBUTEROL	Respiratory Tract/Pulmonary Agents
3	ESTRADIOL	Hormonal Agents - Sex Hormones/Modifiers
4	DEXTROAMPHETAMINE	Central Nervous System Agents
5	LEVOTHYROXINE	Antibacterials; Hormonal Agents - Thyroid
6	ATORVASTATIN	Cardiovascular Agents
7	ROSUVASTATIN	Cardiovascular Agents
8	METHYLPHENIDATE	Central Nervous System Agents
9	MESALAMINE	Inflammatory Bowel Disease Agents
10	ERTUGLIFLOZIN PIDOLATE	Respiratory Tract/Pulmonary Agents
11	BUDESONIDE	Hormonal Agents - Adrenal
12	LOSARTAN	Cardiovascular Agents
13	BUPROPION	Antidepressants
14	METFORMIN	Blood Glucose Regulators
15	TACROLIMUS	Dermatological Agents; Immunological Agents; Immunological Agents
16	GABAPENTIN	Anticonvulsants
17	IBUPROFEN	Analgesics; Anti-Inflammatory Agents
18	SERTRALINE	Antidepressants
19	LISINOPRIL	Cardiovascular Agents; Central Nervous System Agents
20	ARIPIPRAZOLE	Antidepressants; Antipsychotics
21	AMLODIPINE	Cardiovascular Agents
22	TESTOSTERONE	Hormonal Agents - Sex Hormones/Modifiers
23	HYDROCODONE	Analgesics
24	ELURYNG	Contraceptives
25	BUPRENORPHINE	Anti-Addiction/Substance Abuse Treatment Agents; Analgesics

Appendix C:

Lists of Prescriptions Drugs

25 Most Costly Brand Name Drugs by Total Annual Spending

Rank	Prescription Drug Name	Therapy Class
1	JARDIANCE	Blood Glucose Regulators
2	HUMALOG	Blood Glucose Regulators
3	VYVANSE	Central Nervous System Agents
4	ELIQUIS	Blood Products And Modifiers
5	JANUVIA	Blood Glucose Regulators
6	OZEMPIC	Blood Glucose Regulators
7	LANTUS	Blood Glucose Regulators
8	FARXIGA	Blood Glucose Regulators
9	HUMULIN	Blood Glucose Regulators
10	XARELTO	Blood Products And Modifiers
11	VICTOZA	Blood Glucose Regulators
12	ENTRESTO	Cardiovascular Agents
13	PFIZER COVID-19 VACCINE	Viral Vaccines
14	PRADAXA	Blood Products And Modifiers
15	ALVESCO	Respiratory Tract/Pulmonary Agents
16	TRULICITY	Blood Glucose Regulators
17	SYMBICORT	Respiratory Tract/ Pulmonary Agents; Respiratory Tract/Pulmonary Agents
18	LO LOESTRIN FE	Contraceptives; Hormonal Agents - Sex Hormones/Modifiers
19	FLOVENT	Inflammatory Bowel Disease Agents; Respiratory Tract/Pulmonary Agents
20	SHINGRIX	Vaccines
21	LINZESS	Gastrointestinal Agents
22	TRINTELLIX	Antidepressants
23	NOVOLOG	Blood Glucose Regulators
24	MODERNA COVID-19 VACCINE	Viral Vaccines
25	ADVAIR	Respiratory Tract/Pulmonary Agents

Appendix C:

Lists of Prescriptions Drugs

25 Most Costly Specialty Drugs by Total Annual Spending

Rank	Prescription Drug Name	Therapy Class
1	HUMIRA	Immunological Agents
2	STELARA	Immunological Agents
3	BIKTARVY	Antivirals
4	ENBREL	Immunological Agents
5	COSENTYX	Dermatological Agents; Immunological Agents
6	DUPIXENT	Dermatological Agents; Immunological Agents
7	DESCOVY	Antivirals
8	REVLIMID	Antineoplastics
9	OTEZLA	Dermatological Agents; Immunological Agents
10	GENVOYA	Antivirals
11	OZEMPIC	Blood Glucose Regulators
12	TRULICITY	Blood Glucose Regulators
13	TREMFYA	Immunological Agents
14	IBRANCE	Antineoplastics
15	RISANKIZUMAB	Antipsoriatics
16	LATUDA	Antipsychotics
17	TRIUMEQ	Antivirals
18	TAGRISSO	Antineoplastics
19	TRIKAFTA	Respiratory Tract/Pulmonary Agents
20	XELJANZ	Immunological Agents
21	TALTZ	Immunological Agents
22	SPRYCEL	Antineoplastics
23	RINVOQ	Antiarthritics
24	ODEFSEY	Antivirals
25	NUTROPIN	Hormonal Agents, Stimulant/Replacement/Modifying - Pituitary

Appendix C:

Lists of Prescriptions Drugs

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

Rank	Prescription Drug Name	Therapy Class
1	ALBUTEROL	Respiratory Tract/Pulmonary Agents
2	VARENICLINE	Anti-Addiction/Substance Abuse Treatment Agents
3	OSELTAMIVIR	Antivirals
4	CYCLOSPORINE	Immunological Agents
5	BUPRENORPHINE	Anti-Addiction/Substance Abuse Treatment Agents; Analgesics
6	AMOXICILLIN	Antibacterials
7	ICOSAPENT	Dyslipidemics, Other
8	POTASSIUM	Electrolytes/Minerals/Metals/Vitamins
9	ROSUVASTATIN	Cardiovascular Agents
10	DEXTROAMPHETAMINE	Central Nervous System Agents
11	MESALAMINE	Inflammatory Bowel Disease Agents
12	BENZONATATE	Respiratory Tract/Pulmonary Agents
13	BUDESONIDE	Hormonal Agents - Adrenal
14	METHYLPHENIDATE	Central Nervous System Agents
15	ESTRADIOL	Hormonal Agents - Sex Hormones/Modifiers
16	TESTOSTERONE	Hormonal Agents - Sex Hormones/Modifiers
17	TACROLIMUS	Dermatological Agents; Immunological Agents; Immunological Agents
18	XULANE	Contraceptives
19	FLUTICASONE	Dermatological Agents; Respiratory Tract/Pulmonary Agents
20	GAVILYTE	Blood Glucose Regulators; Gastrointestinal Agents
21	FLOVENT	Inflammatory Bowel Disease Agents; Respiratory Tract/Pulmonary Agents
22	TRUVADA	Antivirals
23	ATOMOXETINE	Central Nervous System Agents
24	ATORVASTATIN	Cardiovascular Agents
25	BUPROPION	Antidepressants

Appendix C:

Lists of Prescriptions Drugs

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

Rank	Prescription Drug Name	Therapy Class
1	JARDIANCE	Blood Glucose Regulators
2	OZEMPIC	Blood Glucose Regulators
3	VICTOZA	Blood Glucose Regulators
4	FARXIGA	Blood Glucose Regulators
5	ELIQUIS	Blood Products And Modifiers
6	VYVANSE	Central Nervous System Agents
7	SYMBICORT	Respiratory Tract/ Pulmonary Agents; Respiratory Tract/Pulmonary Agents
8	ENTRESTO	Cardiovascular Agents
9	TRULICITY	Blood Glucose Regulators
10	FLUCELVAX	Vaccines
11	SHINGRIX	Vaccines
12	DEXCOM	Glucose Testing Supplies
13	REPATHA	Cardiovascular Agents
14	TRELEGY	Respiratory Tract/Pulmonary Agents
15	AJOVY	Antimigraine Agents
16	HUMALOG	Blood Glucose Regulators
17	XARELTO	Blood Products And Modifiers
18	FLOVENT	Inflammatory Bowel Disease Agents; Respiratory Tract/Pulmonary Agents
19	OMNIPOD	Glucose Testing Supplies
20	EMGALITY	Antimigraine Agents
21	LINZESS	Gastrointestinal Agents
22	PFIZER COVID-19 VACCINE	Viral Vaccines
23	SYNJARDY	Blood Glucose Regulators
24	FLOWFLEX COVID-19 TEST	COVID-19 Test
25	DESCOVY	Antivirals

Appendix C:

Lists of Prescriptions Drugs

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

Rank	Prescription Drug Name	Therapy Class
1	STELARA	Immunological Agents
2	HUMIRA	Immunological Agents
3	RISANKIZUMAB	Antipsoriatics
4	DUPIXENT	Dermatological Agents; Immunological Agents
5	BIKTARVY	Antivirals
6	OZEMPIC	Blood Glucose Regulators
7	TREMFYA	Immunological Agents
8	COSENTYX	Dermatological Agents; Immunological Agents
9	DESCOVY	Antivirals
10	VERZENIO	Antineoplastics
11	WEGOVY	Anti-Obesity Agents
12	OTEZLA	Dermatological Agents; Immunological Agents
13	RINVOQ	Antiarthritics
14	TALTZ	Immunological Agents
15	NURTEC ODT	Antimigraine Agents
16	RYBELSUS	Antidiabetics
17	TRIKAFTA	Respiratory Tract/Pulmonary Agents
18	ENBREL	Immunological Agents
19	TRULICITY	Blood Glucose Regulators
20	DOVATO	Antivirals
21	KESIMPTA	Central Nervous System Agents
22	ACALABRUTINIB	Antineoplastics
23	XOLAIR	Immunological Agents
24	BRUKINSA	Antineoplastics
25	XYWAV	Central Nervous System Agents

Appendix D:

California Health and Safety Code section 1367.243 Text

Health and Safety Code § 1367.243.

(a) (1) A health care service plan that reports rate information pursuant to Section 1385.03 or 1385.045 shall report the information described in paragraph (2) to the department no later than October 1 of each year, beginning October 1, 2018.

(2) For all covered prescription drugs, including generic drugs, brand name drugs, and specialty drugs dispensed at a plan pharmacy, network pharmacy, or mail order pharmacy for outpatient use, all of the following shall be reported:

(A) The 25 most frequently prescribed drugs.

(B) The 25 most costly drugs by total annual plan spending.

(C) The 25 drugs with the highest year-over-year increase in total annual plan spending.

(b) The department shall compile the information reported pursuant to subdivision (a) into a report for the public and legislators that demonstrates the overall impact of drug costs on health care premiums. The data in the report shall be aggregated and shall not reveal information specific to individual health care service plans.

(c) For the purposes of this section, a “specialty drug” is one 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)).

(d) By January 1 of each year, beginning January 1, 2019, the department shall publish on its Internet Web site the report required pursuant to subdivision (b).

(e) After the report required in subdivision (b) is released, the department shall include the report as part of the public meeting required pursuant to subdivision (b) of Section 1385.045.

(f) Except for the report required pursuant to subdivision (b), the department shall keep confidential all of the information provided to the department pursuant to this section, and the information shall be protected from public disclosure.

Appendix E:

Glossary

Administrative Expenses/Costs: Business expenses associated with general administration, agents/brokers fees and commissions, direct sales salaries, workforce salaries and benefits, loss adjustment expenses, cost containment expenses, and community benefit expenditures.

Allowed Dollar Amount: Total payments made under the policy to health care providers on behalf of covered members, including payments made by issuers and member cost sharing.

Annual Plan Spending: Total payments made under the policy to health care providers on behalf of covered members, including payments made by issuers and member cost sharing = Allowed Dollar Amount. In this report, the terms “Prescription Drug Spending” and “Medical Claim Spending” are used to describe these components of Annual Plan Spending.

Biological Product: Biological products are regulated by the Food and Drug Administration (FDA) and are used to diagnose, prevent, treat, and cure diseases and medical conditions. Biological products are a diverse category of products and are generally large, complex molecules. These products may be produced through biotechnology in a living system.

Biosimilar Product: A biosimilar is a biological product that is highly similar to and has no clinically meaningful differences from an existing FDA-approved reference product. Treated in this report as Generic, unless the plan- or insurer-negotiated monthly cost exceeds the threshold for a Specialty Drug.

Brand Name Drug: Medications protected by patents that grant their makers exclusive marketing rights for several years. When patents expire, other manufacturers can sell generic copies at lower prices.

Dispensed at Pharmacy: Dispensed at a plan pharmacy, network pharmacy, or mail order pharmacy for outpatient use.

Formulary: List of drugs used to treat patients in a drug benefit plan. Products listed on a formulary are covered for reimbursement at varying levels.

Generic Drug: A generic drug is a medication created to be the same as an already marketed brand name drug in dosage, form, safety, strength, route of administration, quality, performance characteristics, and intended use. These similarities help to demonstrate bioequivalence, which means that a generic drug works in the same way and provides the same clinical benefit as its brand name version. In other words, a generic drug is an equal substitute for its brand name counterpart.

Interchangeable Product: An interchangeable product is a biosimilar product that meets additional requirements outlined by the Biologics Price Competition and Innovation Act.

Mail Order: Licensed pharmacy established to dispense maintenance medications for chronic use in quantities greater than normally purchased at a retail pharmacy. The mail order pharmacy usually uses highly automated equipment so that non-pharmacists perform many routine tasks. As a result, mail order can typically dispense medication at a lower cost per prescription.

Appendix E:

Glossary

Member Cost Sharing: Total payments made by members under the policy for prescription drugs, including copays, deductibles, and coinsurances = Allowed Dollar Amount – Paid Plan Cost.

National Drug Code (NDC): Numeric system to identify drug products in the United States. A drug's NDC number is often expressed using a 3-segment-number where the first segment identifies the manufacturer, the second identifies the product and strength, and the last identifies the package size and type.

Number of Prescriptions: A 30-day supply is treated as a unit. Between 1- to 30-day supply is 1 unit, between 31- to 60-day supply is 2 units, and more than a 60-day supply is treated as 3 units.

Paid Dollar Amount: Allowed Dollar Amount minus the member cost-sharing amount = Incurred Costs. (If this term is related to drug cost only, excludes Manufacturer Rebate.)

Paid Plan Claim (Paid Plan Cost): Allowed Dollar Amount minus the member cost-sharing amount = Incurred Costs. (If this term is related to drug cost only, excludes Manufacturer Rebate.)

Pharmacy Benefit Manager (PBM): Organization dedicated to administering prescription benefit management services to employers, health plans, third-party administrators, union groups, and other plan sponsors. A full-service PBM maintains eligibility, adjudicates prescription claims, provides clinical services and customer support, contracts and manages pharmacy networks, and provides management reports.

Pharmacy Benefits Carve-In: Management of the drug benefit is included with the management of the medical benefit, using a single entity and contract to administer both benefits.

Pharmacy Benefits Carve-Out: Management of the drug benefit is separate from the management of the medical benefit, using two different entities or two separate contracts to administer the benefits.

Per Member Per Month (PMPM): Measure used to assess population-based metrics such as cost or utilization, computed by dividing the total monthly cost/utilization/other measure by the total number of member months for the population over a specific time period.

Prescription Drug: A self-administered drug approved by the FDA for sale to the public through retail or mail order pharmacies that requires a prescription and is not provided for use on an inpatient basis or administered in a clinical setting or by a licensed health care provider. The term includes: (i) disposable devices that are medically necessary for the administration of a covered prescription drug, such as spacers and inhalers for the administration of aerosol outpatient prescription drugs; (ii) syringes for self-injectable prescription drugs that are not dispensed in pre-filled syringes; (iii) drugs, devices, and FDA-approved products covered under the prescription drug benefit of the product pursuant to sections 1367.002 and 1367.25 of the Health and Safety Code, including any such over-the-counter drugs, devices, and FDA-approved products; and (iv) at the option of the health care service plan, any vaccines or other health benefits covered under the prescription drug benefit of the product.

Appendix E:

Glossary

Rebate: A partial repayment from pharmaceutical manufacturers to pharmacy benefit managers (PBMs) based on the market share of a targeted drug. Depending on client contract terms, PBMs may share some or all rebates with its clients (e.g., health plans, employer groups, etc.).

Reference Product: A reference product is the single biological product, already approved by the FDA, against which a proposed biosimilar product is compared. A reference product is approved based on, among other things, a full complement of safety and effectiveness data. Treated in this report as Brand Name or Brand Name Specialty.

Retail: Medications are purchased at a retail pharmacy.

Specialty Drug: A drug with a plan- or insurer-negotiated monthly cost prior to rebate 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)). For example, in 2019, the threshold amount is \$670 for a one-month supply: Drug A costs \$40 per day provided for two-day supply (Between 1- to 30-day supply is 1 unit) while Drug B costs \$80 per day with a 60-day supply (Between 31- to 60-day supply is 2 units); therefore, Drug A ($= (\$40 \times 2) / 1 = \$80 < \$670$) is not treated as Specialty Drug while Drug B ($= (\$80 \times 60) / 2 = \$2400 > \$670$) is treated as Specialty Drug.

DEPARTMENT OF
Managed
Health Care

A green outline of the state of California is positioned behind the text. The word "Managed" is in a smaller blue font, while "Health Care" is in a larger, bold blue font. The green outline of California is partially obscured by the text, with the word "Health" overlapping the left side and "Care" overlapping the right side.