

Public Meeting on Large Group Aggregate Rates and Prescription Drug Costs

March 12, 2019

Agenda

1. Welcome & Introductions
2. Overview of the DMHC
3. Overview of the Requirements of SB 17, Prescription Drug Cost Transparency
4. Summary of 2018 Prescription Drug Cost Information
5. Overview of the Requirements of SB 546, Large Group Aggregate Rates
6. Summary of 2018 Large Group Rate Filings
7. Public Comment
8. Closing Remarks

Panel

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Overview of the DMHC

Mary Watanabe

Deputy Director, Health Policy and Stakeholder Relations

DMHC Mission Statement

The California Department of Managed Health Care protects consumers' health care rights and ensures a stable health care delivery system.

What is the DMHC?

Regulator of full service and specialized health plans

- All HMO and some PPO/EPO products
- Some large group and most individual products, most small group, and Medi-Cal Managed Care plans
- Dental, vision, behavioral health, chiropractic and prescription drug
- Medicare Advantage (for financial solvency)

more than

26

million Californians' health care rights are protected by the DMHC.



Health Care Premiums Saved Through the Rate Review Program

Since 2011

\$ 226

Million Dollars



DMHC Key Functions

- Consumer Protection / DMHC Help Center
- License Health Plans & Ensure Compliance with State Laws
- Medical Surveys of Health Plan Operations
- Financial Exams to Ensure Financial Stability
- Review Proposed Premium Rate Changes (Individual & Small Group Products)
- Take Enforcement Action Against Plans that Violate the Law

DMHC Help Center

1-888-466-2219

HealthHelp.ca.gov

Overview of the Requirements of SB 17, Prescription Drug Cost Transparency

Mary Watanabe

Deputy Director, Health Policy and Stakeholder Relations

Requirements of SB 17

Prescription Drug Cost Transparency

- Health plans must report to the DMHC:
 - 25 most frequently prescribed drugs
 - 25 most costly drugs by total annual spending
 - 25 drugs with highest year-over-year increase in total annual spending
- Health plans must report by October 1, 2018, and annually thereafter
- DMHC will issue a report to the Legislature with aggregate data beginning January 1, 2019, and annually thereafter

Requirements of SB 17

Prescription Drug Cost Transparency

Additional reporting requirements for large group market:

- Percent of premium attributable to drug costs for the prior year of each category of prescription drugs (e.g. generic, brand name, and specialty).
- Year-over-year increase for each drug category.
- Year-over-year increase for drug prices compared to other components of the health care premium.
- Specialty tier formulary list.
- Percent of premium attributable to drugs administered in a doctor's office that are covered under the medical benefit as separate from the pharmacy benefit, if available.
- Information on use of a pharmacy benefit manager.

SB 17 Reporting Parameters and Limitations

- Plan reporting is limited to prescription drug costs associated with the pharmacy benefit
- Does not include prescription drug costs for inpatient drugs (hospital) or costs borne by delegated medical groups
- Does not include prescription drug costs for self-funded arrangements, Medi-Cal Managed Care, Medicare Advantage and plans/insurers not regulated by the DMHC
- Includes information from 25 health plans covering approximately 12.3 million Californians

Summary of 2018 Prescription Drug Cost Information

Mary Watanabe

Deputy Director, Health Policy and Stakeholder Relations

SB 17 Key Findings

- Health plans paid nearly \$8.7 billion for prescription drugs administered through the pharmacy benefit in 2017.
- Prescription drugs accounted for 13.1% of total health plan premiums.
- Manufacturer drug rebates accounted for approximately \$915 million or about 10.5% of the \$8.7 billion spent on prescription drugs.

SB 17 Key Findings

- While specialty drugs accounted for 1.6% of all prescription drugs, they accounted for over half (51.5%) of total annual spending on prescription drugs.
- For the 25 most frequently prescribed drugs, enrollees paid approximately 3% of the cost of specialty drugs and over half (56.6%) of the cost of generics.
- The SB 17 Annual Report is available on the DMHC's website at <http://www.healthhelp.ca.gov/>.

25 Most Frequently Prescribed Generic Drugs

| Rank | Prescription Drug Name | Rank | Prescription Drug Name | Rank | Prescription Drug Name |
|------|--|------|------------------------|------|------------------------|
| 1 | ATORVASTATIN | 10 | IBUPROFEN | 19 | MONTELUKASTSODIUM |
| 2 | LISINOPRIL | 11 | OMEPRAZOLE | 20 | PREDNISONE |
| 3 | METFORMIN | 12 | AMOXICILLIN | 21 | AZITHROMYCIN |
| 4 | LEVOTHYROXINESODIUM | 13 | ATENOLOL | 22 | SILDENAFIL |
| 5 | AMLODIPINEBESYLATE | 14 | SERTRALINE | 23 | LEVORA |
| 6 | LOSARTANPOTASSIUM | 15 | METOPROLOL | 24 | GABAPENTIN |
| 7 | HYDROCODONEBITARTRATE AND ACETAMINOPHEN | 16 | GLIPIZIDE | 25 | ALPRAZOLAM |
| 8 | SIMVASTATIN | 17 | FLUOXETINE | | |
| 9 | HYDROCHLOROTHIAZIDE | 18 | FLUTICASONE | | |

25 Most Frequently Prescribed Brand Name Drugs

| Rank | Prescription Drug Name | Rank | Prescription Drug Name | Rank | Prescription Drug Name |
|------|------------------------|------|------------------------|------|-------------------------------|
| 1 | VENTOLIN | 10 | PROAIR | 19 | NITROFURANTOINMON OHYDRATE |
| 2 | HUMULIN | 11 | VYVANSE | 20 | ACCU-CHEKAVIVAPLUS |
| 3 | QVAR | 12 | K-TAB | 21 | CLIMARA |
| 4 | SYNTHROID | 13 | DULERA | 22 | ARMOURTHYROID |
| 5 | NUVARING | 14 | HUMULINR | 23 | FLUARIXQUADRIVALENT |
| 6 | ADDERALL | 15 | ONETOUCH | 24 | PREMARIN |
| 7 | LANTUS | 16 | JANUVIA | 25 | FLOVENT |
| 8 | HUMALOG | 17 | RETIN-A | | |
| 9 | ADVAIR | 18 | LOLOESTRINFE | | |

25 Most Frequently Prescribed Specialty Drugs

| Rank | Prescription Drug Name | Rank | Prescription Drug Name | Rank | Prescription Drug Name |
|------|------------------------|------|------------------------|------|------------------------|
| 1 | TRUVADA | 10 | LATUDA | 19 | LIALDA |
| 2 | HUMIRA | 11 | VICTOZA | 20 | ZARXIO |
| 3 | ENBREL | 12 | TRIUMEQ | 21 | XIFAXAN |
| 4 | GENVOYA | 13 | ATRIPLA | 22 | ARIPIPIRAZOLE |
| 5 | HUMALOG | 14 | TRULICITY | 23 | ISENTRESS |
| 6 | VIREAD | 15 | ODEFSEY | 24 | METFORMINHYDROCHLORIDE |
| 7 | ANDROGEL | 16 | TIVICAY | 25 | SENSIPAR |
| 8 | DESCOVY | 17 | NOVOLOG | | |
| 9 | SUPREPBOWELPREP | 18 | OTEZLA | | |

25 Most Costly Generic Drugs by Total Annual Spending

| Rank | Prescription Drug Name | Rank | Prescription Drug Name | Rank | Prescription Drug Name |
|------|---|------|-----------------------------|------|------------------------|
| 1 | ATORVASTATIN | 10 | BUDESONIDE | 19 | EPINEPHRINE |
| 2 | LEVOTHYROXINESODIUM | 11 | DULOXETINEHYDR OCHLORIDE | 20 | COLCHICINE |
| 3 | METHYLPHENIDATEHYDROCH LORIDE | 12 | ENTECAVIR | 21 | ESTRACE |
| 4 | HYDROCODONEBITARTRATEA NDACETAMINOPHEN | 13 | LIDOCAINE | 22 | ESTRADIOL |
| 5 | CLOBETASOLPROPIONATE | 14 | LISINOPRIL | 23 | MICROGESTINFE |
| 6 | BUPROPIONHYDROCHLORIDE | 15 | ROSUVASTATIN | 24 | LOSARTANPOTASSIUM |
| 7 | ARIPIPIRAZOLE | 16 | GABAPENTIN | 25 | TACROLIMUS |
| 8 | METFORMINHYDROCHLORIDE | 17 | LEVORA | | |
| 9 | IBUPROFEN | 18 | OMEPRAZOLE | | |

25 Most Costly Brand Name Drugs by Total Annual Spending

| Rank | Prescription Drug Name | Rank | Prescription Drug Name | Rank | Prescription Drug Name |
|------|------------------------|------|------------------------|------|------------------------|
| 1 | LANTUSSOLOSTAR | 10 | VENTOLINHFA | 19 | SYMBICORT |
| 2 | ADVAIR | 11 | LIALDA | 20 | CONCERTA |
| 3 | HUMALOG | 12 | INVOKANA | 21 | FLOVENT |
| 4 | JANUVIA | 13 | LYRICA | 22 | JARDIANCE |
| 5 | HUMULIN | 14 | DULERA | 23 | ONETOUCH |
| 6 | VYVANSE | 15 | RESTASIS | 24 | ACCU-CHEKAVIVAPLUS |
| 7 | NUVARING | 16 | XARELTO | 25 | LOLOESTRINFE |
| 8 | QVAR | 17 | JANUMET | | |
| 9 | ADDERALL | 18 | ELIQUIS | | |

25 Most Costly Specialty Drugs by Total Annual Spending

| Rank | Prescription Drug Name | Rank | Prescription Drug Name | Rank | Prescription Drug Name |
|------|------------------------|------|------------------------|------|------------------------|
| 1 | HUMIRA | 10 | TECFIDERA | 19 | HUMALOG |
| 2 | ENBREL | 11 | STELARA | 20 | COSENTYX |
| 3 | TRUVADA | 12 | IBRANCE | 21 | ANDROGEL |
| 4 | HARVONI | 13 | COPAXONE | 22 | GILENYA |
| 5 | GENVOYA | 14 | ODEFSEY | 23 | TIVICAY |
| 6 | REVLIMID | 15 | VIREAD | 24 | ZARXIO |
| 7 | EPCLUSA | 16 | OTEZLA | 25 | VICTOZA |
| 8 | ATRIPLA | 17 | DESCOVY | | |
| 9 | TRIUMEQ | 18 | SPRYCEL | | |

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

| Rank | Prescription Drug Name | Rank | Prescription Drug Name | Rank | Prescription Drug Name |
|------|---------------------------|------|-----------------------------|------|--|
| 1 | LIDOCAINE | 10 | ATORVASTATIN/CALCIUM | 19 | BUPROPION/HYDROCHLORIDE |
| 2 | EZETIMIBE AND SIMVASTATIN | 11 | EPINEPHRINE | 20 | HYDROCODONE BITARTRATE AND ACETAMINOPHEN |
| 3 | DICLOFENAC SODIUM | 12 | LEVORA | 21 | METHYLPHENIDATE HYDROCHLORIDE |
| 4 | ARIPIPRAZOLE | 13 | OFLOXACIN | 22 | ESTRACE |
| 5 | YUVAFEM | 14 | DEXTRAMPHETAMINE/SACCHARATE | 23 | CLARAVIS |
| 6 | OSELTAMIVIR PHOSPHATE | 15 | ONDANSETRON | 24 | OLMESARTAN/MEDOXYMIL |
| 7 | IMATINIB MESYLATE | 16 | MICROGESTIN/FE | 25 | AMLODIPINE BESYLATE |
| 8 | MESALAMINE | 17 | TRETINOIN | | |
| 9 | ROSUVASTATIN | 18 | LIDO-K | | |

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

| Rank | Prescription Drug Name | Rank | Prescription Drug Name | Rank | Prescription Drug Name |
|------|------------------------|------|------------------------|------|------------------------|
| 1 | JARDIANCE | 10 | ELIQUIS | 19 | NUVARING |
| 2 | VENTOLIN | 11 | CHANTIX | 20 | BREOELLIPTA |
| 3 | CONCERTA | 12 | JANUVIA | 21 | ONETOUCH |
| 4 | HUMULIN | 13 | LYRICA | 22 | XARELTO |
| 5 | HUMALOG | 14 | PRADAXA | 23 | XIIDRA |
| 6 | QVAR | 15 | ACCU-CHEKAVIVAPLUS | 24 | GENVOYA |
| 7 | LIALDA | 16 | DULERA | 25 | LOLOESTRINFE |
| 8 | ADVAIR | 17 | TRINTELLIX | | |
| 9 | VYVANSE | 18 | TRADJENTA | | |

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

| Rank | Prescription Drug Name | Rank | Prescription Drug Name | Rank | Prescription Drug Name |
|------|------------------------|------|------------------------|------|------------------------|
| 1 | GENVOYA | 10 | HUMALOG | 19 | PREZCOBIX |
| 2 | HUMIRA | 11 | ENBREL | 20 | ADVATE |
| 3 | ODEFSEY | 12 | TRUVADA | 21 | IMATINIB |
| 4 | DESCOVY | 13 | COSENTYX | 22 | SPRYCEL |
| 5 | EPCLUSA | 14 | OTEZLA | 23 | LATUDA |
| 6 | STELARA | 15 | TRULICITY | 24 | OPSUMIT |
| 7 | TRIUMEQ | 16 | XELJANZ | 25 | POMALYST |
| 8 | IBRANCE | 17 | TIVICAY | | |
| 9 | REVLIMID | 18 | IMBRUVICA | | |

Overview of the Requirements of SB 546, Large Group Aggregate Rates

Mary Watanabe

Deputy Director, Health Policy and Stakeholder Relations

Requirements of SB 546

Large Group Aggregate Rates

- Requires large group health plans to file aggregate rate information with the DMHC by October 1, 2016, and annually thereafter.
 - The information submitted on October 1, 2018, was for the period of January 1, 2018 – December 31, 2018.
- Requires the DMHC to conduct a public meeting annually to permit a public discussion regarding changes in the rates, benefits and cost-sharing in the large group market.

Requirements of SB 546

Large Group Aggregate Rates

Requires health plans 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% |

Summary of 2018 Large Group Rate Filings

Cabe Chadick, FSA, MAAA
President & Managing Principal
Lewis & Ellis, Inc.

Premium Rate

- Premium Rate is the amount you or your employer pays for health coverage.
- Factors that may impact large group premium rates include:
 - Age
 - Geography/Location
 - Family Size
 - Occupation/Industry
 - Health Status Factors (experience and utilization)

Summary of 2018 Filing

- 24 Health Care Service Plans were required to file, including:
 - Seven statewide plans
 - Ten regional plans
 - Two cross-border plans
 - Five In-Home Support Services (IHSS) Plans
- Over 7.8 million enrollees in roughly 13,600 renewing groups affected by the rate changes.
- Analysis excludes data for cross-border and IHSS Plans.

Average Rate Increase

| Category | Unadjusted Average Rate Increase | Adjusted Average Rate Increase | Number of Enrollees | Average Premium Per Member Per Month (PMPM) |
|------------------------|----------------------------------|--------------------------------|---------------------|---|
| All Plans | 5.4% | 5.7% | 7,714,728 | \$487.99 |
| Kaiser | 4.7% | 4.9% | 5,034,656 | \$468.80 |
| All Plans Minus Kaiser | 6.6% | 7.0% | 2,784,810 | \$514.80 |
| Most Common Plan | 5.3% | 5.3% | N/A | N/A |

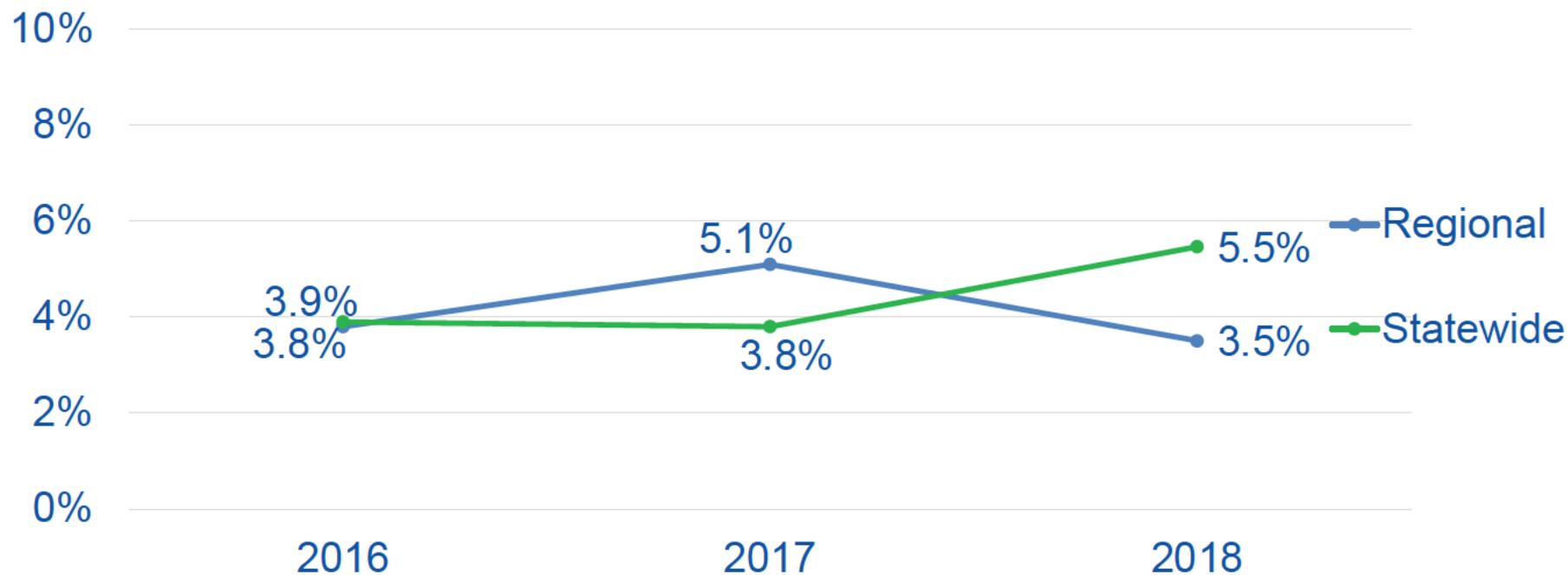
Statewide Plans

| Plan Name | Number of Enrollees | Number of Renewing Groups | Percentage of Large Group Total | Unadjusted Average Rate Increase | Adjusted Average Rate Increase | Average Premium PMPM |
|-------------------|---------------------|---------------------------|---------------------------------|----------------------------------|--------------------------------|----------------------|
| Kaiser | 5,034,656 | 7,827 | 65.3% | 4.7% | 4.9% | \$468.80 |
| Anthem Blue Cross | 1,044,835 | 1,989 | 13.5% | 6.0% | 7.3% | \$527.57 |
| Blue Shield | 424,996 | 890 | 5.5% | 6.4% | 4.8% | \$524.54 |
| UnitedHealthcare | 415,094 | 538 | 5.4% | 9.3% | 9.0% | \$508.97 |
| Health Net | 283,962 | 509 | 3.7% | 6.6% | 7.1% | \$545.00 |
| Aetna Health | 139,018 | 586 | 1.8% | 8.5% | 10.1% | \$475.75 |
| Cigna Healthcare | 114,984 | 287 | 1.5% | 7.4% | 7.4% | \$558.00 |
| Total: | 7,457,545 | 12,626 | 96.7% | 5.5% | 5.7% | \$486.85 |

Regional Plans

| Plan Name | Number of Enrollees | Number of Renewing Groups | Percentage of Large Group Total | Unadjusted Average Rate Increase | Adjusted Average Rate Increase | Average Premium PMPM |
|---------------------------------|---------------------|---------------------------|---------------------------------|----------------------------------|--------------------------------|----------------------|
| Western Health Advantage | 77,913 | 211 | 1.0% | 3.4% | 5.0% | \$523.17 |
| Sharp Health Plan | 69,378 | 126 | 0.9% | 3.5% | 4.7% | \$489.45 |
| Sutter Health Plus | 40,492 | 189 | 0.5% | 3.1% | 3.9% | \$492.75 |
| Valley Health Plan | 20,940 | 2 | 0.3% | 3.0% | 3.0% | \$771.74 |
| Ventura County Health Care Plan | 14,537 | 6 | 0.2% | 9.5% | 9.5% | \$446.79 |
| Scripps Health Plan | 12,938 | 1 | 0.2% | 0.0% | 0.0% | \$478.24 |
| Community Care | 9,414 | 7 | 0.1% | 3.9% | 3.9% | \$442.00 |
| Contra Costa Health Plan | 8,789 | 4 | 0.1% | 3.8% | 3.8% | \$571.23 |
| Chinese Community | 2,556 | 27 | 0.0% | 4.3% | 4.3% | \$449.13 |
| Seaside Health Plan | 226 | 1 | 0.0% | 0.0% | 0.0% | \$527.34 |
| Total: | 257,183 | 574 | 3.3% | 3.5% | 4.4% | \$520.88 |

Unadjusted Average Rate Increase



Adjusted Average Rate Increase



Average Premium PMPM



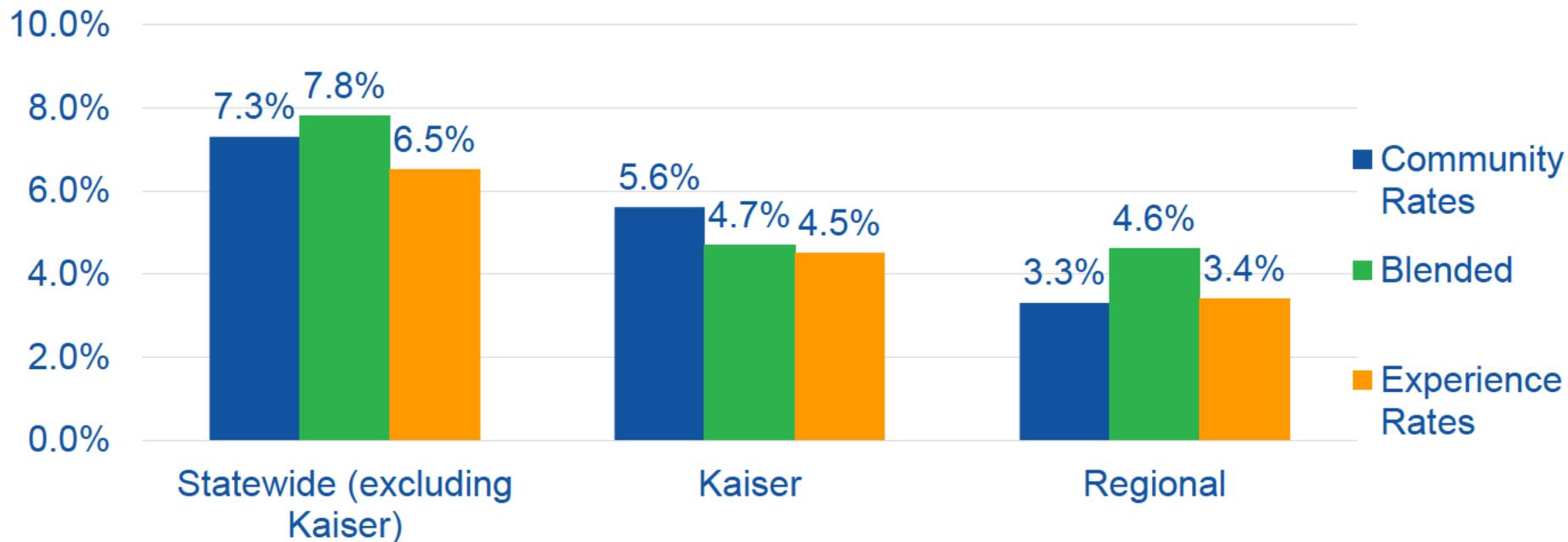
Product Type

| Product Type | Average Rate Increase | Minimum | Maximum | Average Premium PMPM |
|--------------|-----------------------|---------|---------|----------------------|
| PPO | 6.6% | 5.9% | 6.8% | \$602.00 |
| POS | 6.4% | 5.3% | 8.1% | \$536.33 |
| HDHP | 6.2% | -10.3% | 9.5% | \$443.84 |
| HMO | 5.3% | 0.0% | 24.0% | \$480.77 |
| EPO | 0.0% | 0.0% | 0.0% | \$762.73 |

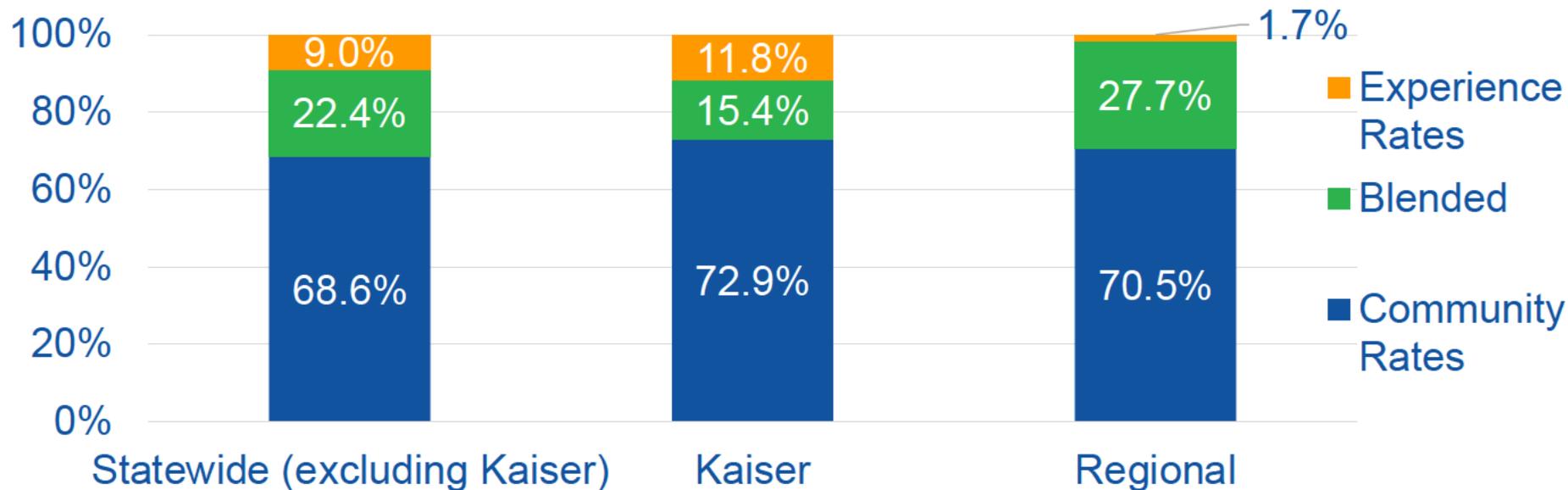
Rating Method

| Category | Percentage of Renewing Groups | Number of Enrollees Affected | Unadjusted Average Rate Increase | Average Premium PMPM |
|------------|-------------------------------|------------------------------|----------------------------------|----------------------|
| Community | 71% | 1,153,226 | 6.1% | \$494.43 |
| Blended | 19% | 1,028,890 | 6.0% | \$472.43 |
| Experience | 10% | 5,532,352 | 5.1% | \$489.62 |

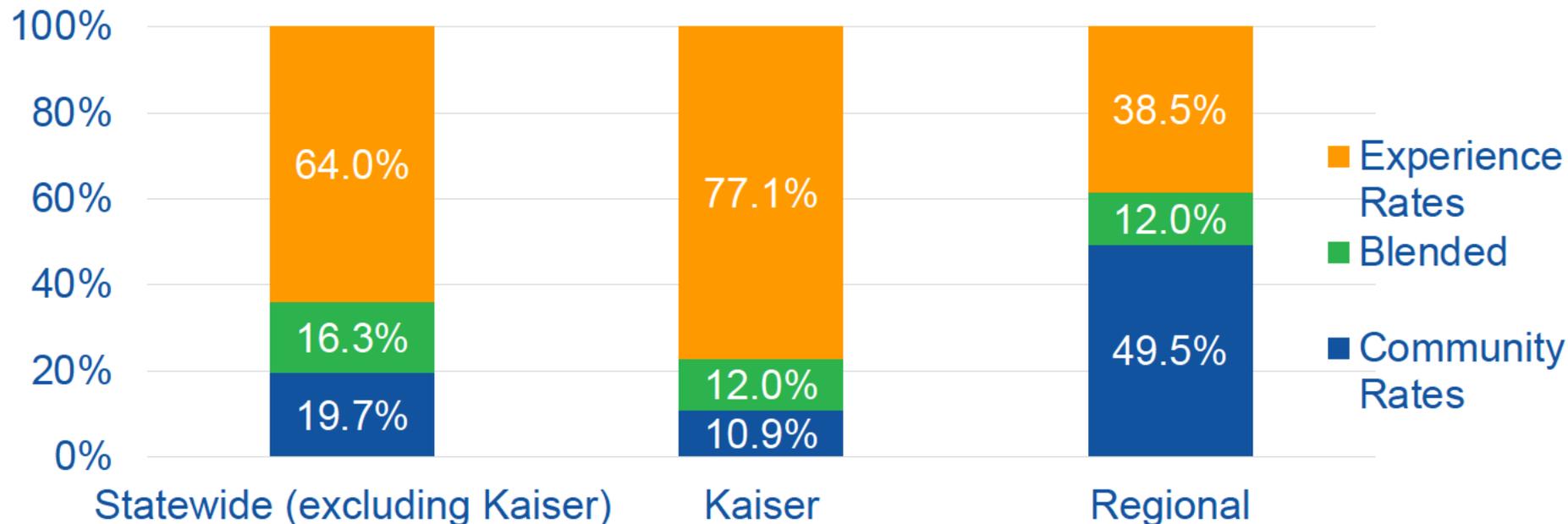
Renewal Increases by Rating Methodology



Percentage of Renewing Groups by Rating Methodology



Percentage of Renewing Covered Lives by Rating Methodology



Actuarial Value

| Product Type | Number of Covered Lives by Actuarial Value* | | | | | |
|---------------|---|------------------|----------------|----------------|--------------|------------------|
| | 0.9 – 1.00 | 0.8 – 0.89 | 0.7 – 0.79 | 0.6 – 0.69 | < 0.60 | All |
| HMO | 5,386,887 | 1,183,050 | 202,375 | 49,987 | 2,720 | 6,825,019 |
| PPO | 236,609 | 215,682 | 8,332 | 0 | 0 | 460,623 |
| HDHP | 1,563 | 114,568 | 215,767 | 82,667 | 2,677 | 417,242 |
| POS | 88,105 | 14,889 | 2,298 | 18 | 0 | 105,310 |
| EPO | 37,737 | 5,177 | 0 | 0 | 0 | 42,914 |
| Total: | 5,750,901 | 1,533,366 | 428,772 | 132,672 | 5,397 | 7,851,108 |

* Number of covered lives includes enrollees that did not have a rate change

Actuarial Value for HMO Members

| Actuarial Value | Statewide (excluding Kaiser) | Kaiser | Regional |
|-----------------|------------------------------|--------|----------|
| 0.9 -1.00 | 75.7% | 80.8% | 66.3% |
| 0.8-0.89 | 21.1% | 15.5% | 26.1% |
| 0.7-0.79 | 2.7% | 2.9% | 5.1% |
| 0.6-0.69 | 0.5% | 0.7% | 2.5% |
| <0.60 | 0.0% | 0.1% | 0.0% |

Medical Expenses as a Percentage of Premium in 2016 and 2017

| | 2016 | | | 2017 | | |
|-----------------------------|---------|------------------|----------------------------------|---------|------------------|----------------------------------|
| | Premium | Medical Expenses | Medical Expenses as % of Premium | Premium | Medical Expenses | Medical Expenses as % of Premium |
| All | \$438 | \$384 | 87.6% | \$450 | \$402 | 89.3% |
| Statewide w/o Kaiser | \$437 | \$377 | 86.2% | \$444 | \$385 | 86.7% |
| Kaiser | \$436 | \$385 | 88.4% | \$451 | \$410 | 90.8% |
| Regional | \$474 | \$430 | 90.7% | \$496 | \$449 | 90.6% |

Administrative Expenses as a Percentage of Premium in 2016 and 2017

| | 2016 | | | 2017 | | |
|----------------------|---------|----------------|--------------------------------|---------|----------------|--------------------------------|
| | Premium | Admin Expenses | Admin Expenses as % of Premium | Premium | Admin Expenses | Admin Expenses as % of Premium |
| All | \$438 | \$28 | 6.4% | \$450 | \$25 | 5.6% |
| Statewide w/o Kaiser | \$437 | \$39 | 9.0% | \$444 | \$40 | 9.1% |
| Kaiser | \$436 | \$20 | 4.6% | \$451 | \$16 | 3.5% |
| Regional | \$474 | \$45 | 9.5% | \$496 | \$42 | 8.4% |

Net Income as a Percentage of Premium in 2016 and 2017

| | 2016 | | | 2017 | | |
|----------------------|---------|------------|----------------------------|---------|------------|----------------------------|
| | Premium | Net Income | Net Income as % of Premium | Premium | Net Income | Net Income as % of Premium |
| All | \$438 | \$7 | 1.7% | \$450 | \$11 | 2.5% |
| Statewide w/o Kaiser | \$437 | \$3 | 0.6% | \$444 | \$9 | 2.1% |
| Kaiser | \$436 | \$11 | 2.6% | \$451 | \$13 | 2.8% |
| Regional | \$474 | -\$7 | -1.5% | \$496 | \$2 | 0.5% |

Medical Allowed Trend

| Plan Type | 2016 | 2017 | 2018 | 2019 |
|----------------------|------|------|------|------|
| All Plans | 6.2% | 5.5% | 5.4% | 5.5% |
| Statewide w/o Kaiser | 6.8% | 6.6% | 6.8% | 6.6% |
| Kaiser | 4.4% | 4.4% | 5.1% | 4.4% |
| Regional | 6.1% | 5.0% | 5.0% | 4.7% |

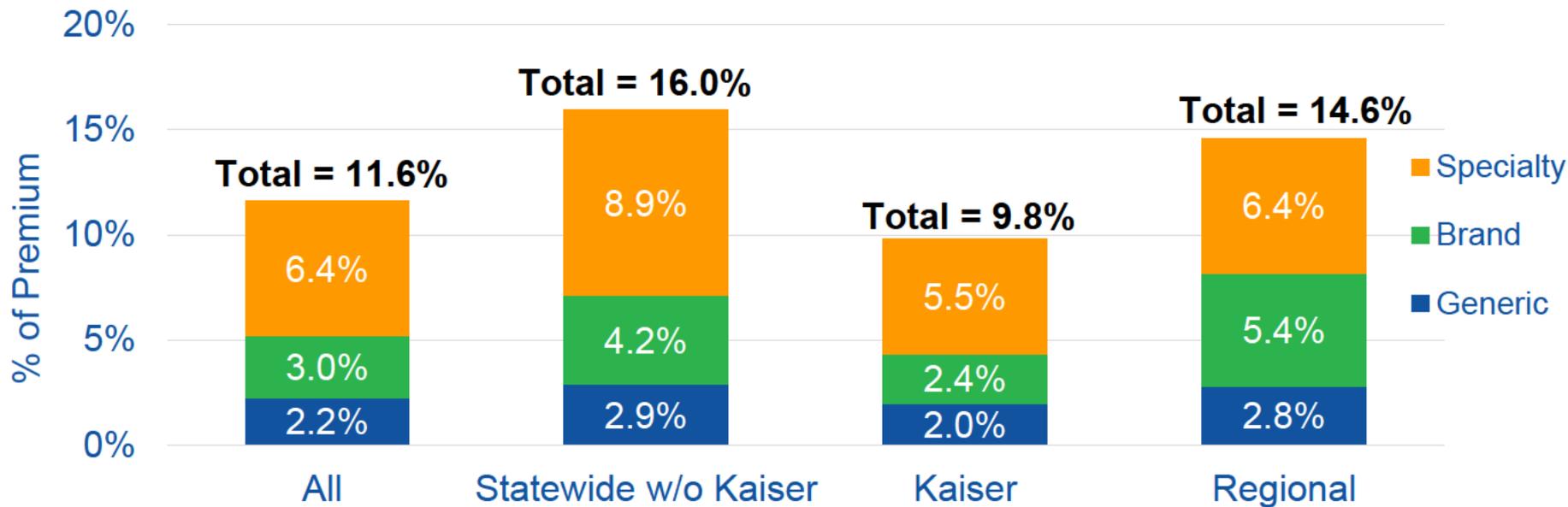
Pharmacy Allowed Trend

| Plan Type | 2016 | 2017 | 2018 | 2019 |
|----------------------|-------|-------|-------|-------|
| All Plans | 8.9% | 7.4% | 7.0% | 8.5% |
| Statewide w/o Kaiser | 13.7% | 11.3% | 11.8% | 11.0% |
| Kaiser | 8.9% | 6.0% | 6.0% | 5.0% |
| Regional | 6.1% | 5.0% | 5.5% | 8.0% |

Large Group Prescription Drug Cost Reporting Summary

- Prescription drug costs accounted for 11.6% of the total health care premium.
- Specialty drugs represented more than 50% of total prescription drug spending.
- The average premium increase was 4.1% and 0.8% was attributed to pharmacy cost.
- The percentage of premium attributed to drugs administered in a doctor's office ranged from 2% to 3%.
- 22 of the 24 health plans used a Pharmacy Benefit Manager.

2018 Pharmacy Costs Paid by Health Plans as a Percentage of Premium*



* Pharmacy plan costs before manufacturer rebates

Change in Annual Prescription Drug Cost Spending* from 2017 to 2018

| Drug Type | All Plans | Statewide w/o Kaiser | Kaiser | Regional |
|--------------|-------------|----------------------|-------------|-------------|
| Specialty | 5.8% | 9.3% | 3.6% | 8.4% |
| Brand | 2.4% | 0.7% | 3.3% | 6.2% |
| Generic | 1.9% | 2.8% | 1.8% | -4.0% |
| Total | 4.0% | 5.4% | 3.0% | 4.6% |

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

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

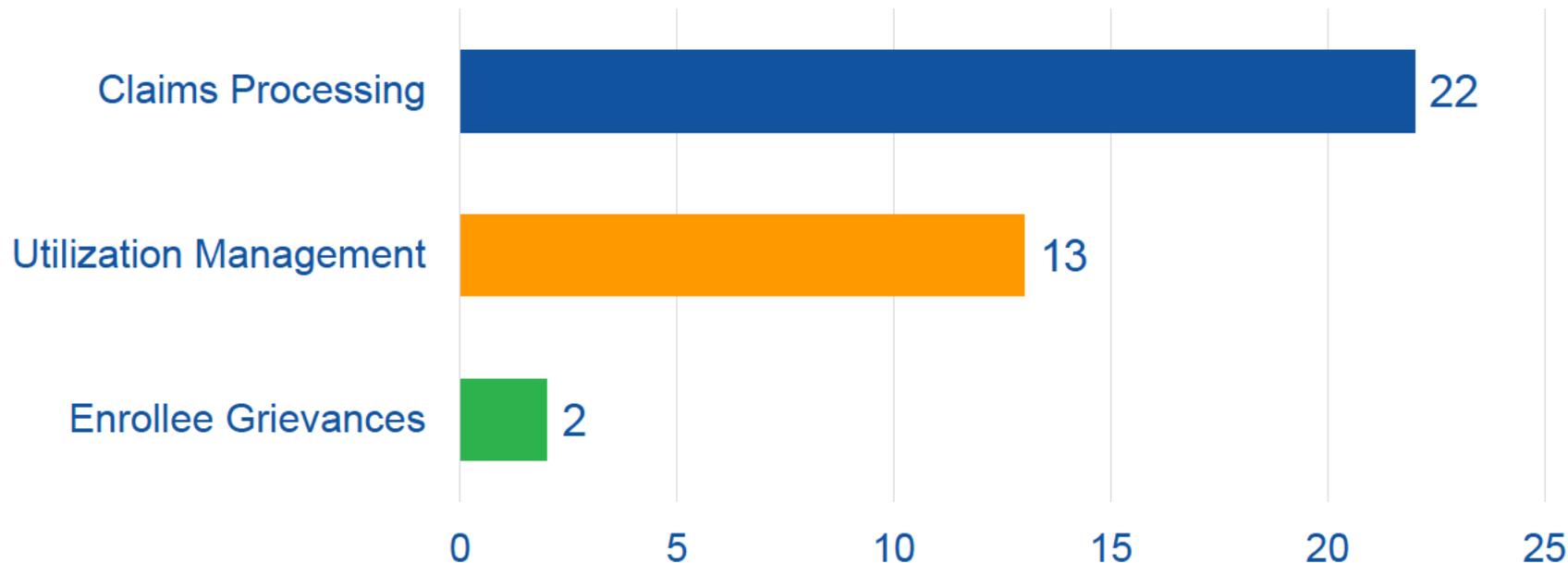
| Component | All Plans | Statewide w/o Kaiser | Kaiser | Regional |
|--|-------------|----------------------|-------------|-------------|
| Plan Prescription Drug Cost (w/ rebates) | 0.8% | 1.0% | 0.7% | 1.0% |
| Paid Medical Cost | 1.6% | 2.0% | 1.2% | 7.6% |
| Admin + Commission | 0.3% | 0.8% | 0.2% | 0.6% |
| Taxes | 0.7% | 2.3% | 0.1% | 0.3% |
| Profit/Other | 0.7% | -0.5% | 1.2% | 0.0% |
| Total | 4.1% | 5.6% | 3.4% | 9.5% |

Drugs Administered in Doctor's Office – Health Plan Costs*

| Category | Number of Plans | Minimum (Reported) | Maximum (Reported) | Median (Reported) |
|----------------------|-----------------|--------------------|--------------------|-------------------|
| All Plans | 6 | \$2.74 | \$28.54 | \$14.33 |
| Statewide w/o Kaiser | 1 | \$17.71 | \$17.71 | \$17.71 |
| Kaiser | 1 | \$12.47 | \$12.47 | \$12.47 |
| Regional | 4 | \$2.74 | \$28.54 | \$10.76 |

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

Pharmacy Benefit Manager Functions



Large Group Rate Information

Premium Rate Review Filings

- [View Premium Rate Filings & Submit Comments](#)
- [Premium Rates Over Time](#)

What is Premium Rate Review?

- [Rate Review Process](#)
- [Health Care Costs](#)
- [Glossary of Key Terms](#)
- [FAQs and Resources](#)

MODIFIED FILINGS WITH SAVINGS

| | Effective Date | Market Type | Final Rate Increase | Amount Saved |
|--|----------------|---|---------------------|--------------|
| Local Initiative Health Authority For Los Angeles County (L.A. Care Health Plan) | 1/1/2018 |  | 21.7% | \$9.43M |
| Blue Cross of California (Anthem Blue Cross) | 1/1/2018 |  | 2.5% | \$92.97M |
| Blue Cross of California (Anthem Blue Cross) | 1/1/2018 |  | 37.3% | \$21.32M |
| Aetna Health of California, | 10/1/2016 |  | 11.9% | \$1.33M |

UNREASONABLE FINDINGS

| | Effective Date | Market Type | Final Rate Increase |
|--|----------------|---|---------------------|
| Aetna Health of California, Inc. | 7/1/2015 |  | 21.0% |
| Aetna Health of California, Inc. | 4/1/2015 |  | 19.2% |
| Aetna Health of California, Inc. | 1/1/2015 |  | 17.3% |
| California Physicians' Service (Blue Shield of California) | 3/1/2013 |  | 11.8% |
| Aetna Health of California, Inc. | 1/1/2013 |  | 11.4% |

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HAVE A PROBLEM WITH YOUR HEALTH PLAN? CONTACT THE DMHC HELP CENTER

HealthHelp.ca.gov

Public Comment

*Public comment may be submitted to
publiccomments@dmhc.ca.gov*

Closing Remarks

Mary Watanabe

Deputy Director, Health Policy and Stakeholder Relations