



For Immediate Release
January 10, 2020

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ICYMI: Department of Managed Health Care Releases 2018 Prescription Drug Cost Transparency Report

Shows Health Plans Paid Nearly 9.1 Billion for Prescription Drugs in 2018, a One-Year Increase of More Than a \$400 Million

January 10, 2020, Sacramento, Calif. – The California Department of Managed Health Care (DMHC) today released a report: [Prescription Drug Cost Transparency Report for Measurement Year 2018](#). This yearly report looks at the impact prescription drug prices have on health plan premiums for Californians.

The report is a result of the passage of Senate Bill 17 (Hernandez, 2017), groundbreaking legislation that helps to shine a light on drug manufacturers efforts to spike prescription drug prices. The law requires health plans to annually report information related to the cost of covered prescription drugs.

Some of the report's key findings:

- Health plans picked up the majority of the tab for the costliest medications, paying 91.9% of the cost of the 25 most costly drugs across all 3 categories: generic, brand name, and specialty.
- Health plans paid nearly \$9.1 billion for prescription drugs in 2018, an increase of more than \$400 million from 2017.
- Prescription drugs accounted for 12.7 percent of total health plan premiums in 2018. (It is important to note this amount does not account for spending on outpatient drugs, inpatient (hospital) drugs or drugs paid for by the health plans' capitated providers.)
- Health plans' prescription drug costs increased by 4.7 percent in 2018.
- Specialty drugs are the largest driver of prescription drug costs for health plans, accounting for 52.6 percent of total annual health plan spending on prescription drugs.
- Generic drugs accounted for 87 percent of all prescribed drugs but only 22.4 percent of the total annual spending on prescription drugs.
- Brand name drugs accounted for 11.4 percent of prescriptions and constituted 25 percent of the total annual spending on prescription drugs.
- Manufacturer drug rebates increased by almost 15 percent (14.8 percent) in 2018 and totaled approximately \$1.058 billion in 2018 compared to \$922 million in 2017. Health plans pass on these rebate savings to members by lowering premiums.
- Prescription drug costs increased at a higher rate than overall medical expenses.

As the price of prescription drugs rise, so do premiums. The findings from this report indicate that high prescription drug costs continue to have a significant impact on health plan premiums and the affordability of health care. To read the full DMHC report, [click here](#).

For more information about SB 17, visit RunawayRx.com.