

PRESS RELEASE



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New RunawayRx Infographics Explain California’s Drug Price Transparency Law and How It’s Working to Reveal How Rx Costs Impact Health Plan Premiums

Sacramento, CA—RunawayRx today released two new infographics. One highlights key implementation dates for California’s landmark prescription drug transparency law, SB 17, and the other reveals new details about how prescription drug costs are impacting California health plan premiums.

The release of the fact sheets comes as the Department of Managed Health Care (DMHC) this week convened in San Francisco to discuss the findings of a recent DMHC report on prescription drug cost information resulting from SB 17, which requires health plans to annually report to DMHC and the California Department of Insurance (CDI) specific information on the costs of covered prescription drugs. The departments then make the information available to the public.

“Both the DMHC and CDI reports show that high-priced prescription drugs continue to be one of the leading factors driving up health care costs for Californians,” said Charles Bacchi, President and CEO of the California Association of Health Plans.

“As pharma continues to raise drug prices, these reports prove that prescription drug costs continue to have a significant impact on health plan premiums and the affordability of health care. With this new level of transparency, health plans will better be able to prepare and plan for drug price hikes, as we continue to work with policymakers and our coalition partners to drive down these costs.”

The first infographic explains how SB 17 works and provides upcoming implementation dates for 2019. This includes the state collecting first quarter 2019 prescription drug cost increase information from drug manufacturers for existing drugs and making that information publicly available on the Office of Statewide Health Planning and Development (OSHPD) [website](#).

The second infographic details key findings from the DMHC and CDI reports showing the overall impact of prescription drug costs on health plan premiums. For example, the DMHC report reveals that health

plans paid 91.2 percent of the cost of the 25 most costly drugs. Another key finding from the DMHC report shows that specialty drugs account for only 1.6% of all prescriptions, but account for more than half of total annual drug spending by health plans and enrollee cost share.

SB 17, supported throughout its journey through the legislature by a broad coalition of labor, health access organizations, patient advocacy groups and others, requires drug companies to follow basic transparency requirements, such as providing notifications when they plan to raise drug prices more than 16 percent over a two-year period and routinely reporting information about its pricing structures to the public.

Implementation of the bill began in December, 2017 and will be completed by June, 2019. The law stipulates three major requirements of drug companies to induce transparency into drug pricing. According to the law, drug companies must:

- Notify the state, health plans and other entities that purchase prescription drugs about major price hikes 60 days preceding the increase
- Justify major price hikes by providing formal written reasoning for the increase
- Provide basic information on price hikes to the California Office of Health Planning and Development (OSHPD), to be shared with the public on a quarterly basis. It also requires health plans throughout the state to annually report the 25 most frequently prescribed drugs, the 25 most expensive drugs and the 25 drugs with the highest year-over-year increases.

Health plans must also report additional drug pricing data to the DMHC and CDI, including the 25 most frequently prescribed drugs, the 25 costliest drugs, and the 25 drugs with the highest price increase per year.

For the new SB 17 implementation timeline, and for more information on how the law works, see RunawayRx's updated infographic [here](#). For the full infographic detailing how prescription drug costs are impacting California health care premiums, click [here](#).

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CAHP is a statewide association representing 47 full-service health plans. Through legislative advocacy, education and collaboration with other member organizations, CAHP works to sustain a strong environment in which our member plans can provide access to products that offer choice and flexibility to the more than 25 million members they serve. For more information, please visit <http://www.calhealthplans.org/> or call (916) 552-2910.