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ICYMI: Department of Managed Health Care Releases 2020 Prescription Drug Cost Transparency Report

The report shows health plans paid more than 10.1 billion for prescription drugs in 2020, an increase of more than \$500 million since 2019

December 29, 2021, Sacramento, Calif. – The California Department of Managed Health Care (DMHC) recently released their [Prescription Drug Cost Transparency Report for Measurement Year 2020](#). This yearly report highlights the impact prescription drug prices have on health plan premiums for Californians, and compares the collected data over the four reporting years: 2017, 2018, 2019 and 2020.

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 paid more than \$10.1 billion for prescription drugs in 2020, an increase of almost \$500 million or 5.0% from 2019. (Up from approximately \$9.6 billion in 2019 and \$9.1 billion in 2018.)
- Prescription drugs accounted for 12.7% of total health plan premiums in 2020
- While specialty drugs accounted for only 1.6% of all prescription drugs dispensed, they accounted for 60.2% of total annual spending on prescription drugs.
- Overall, health plans paid 92.8% of the cost of the 25 Most Costly Drugs across all three categories (generic, brand name and specialty).
- Generic drugs made up 89.1% of all the drugs prescribed in 2020, but represented only 18.1% of total annual spending on prescription drugs
- Health plans paid 90.8% of the total costs for the 25 most frequently prescribed drugs

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 prescription drugs costs and their impact on premium costs, visit RunawayRx.com.