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ICYMI: Department of Managed Health Care Releases 2022 Prescription Drug Cost Transparency Report

The report shows health plans paid more than \$12.1 billion for prescription drugs in 2022, an increase of nearly \$1.3 billion or 12.3% from 2021

January 12, 2024, Sacramento, Calif. – The California Department of Managed Health Care (DMHC) recently released their [Prescription Drug Cost Transparency Report for Measurement Year 2022](#). This yearly report highlights the impact prescription drug prices have on health plan premiums for Californians, and compares the collected data over the six reporting years: **2017 through 2022**.

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

One of the notable key findings from the 2022 Report includes the impact of the popularity of high-cost brand-named weight loss and diabetes medications, which the DMHC reports are driving much of the \$1.3 billion increase in the total prescription drug spending for health plans.

Some of the other 2022 Report's key findings include:

- Health plans paid more than \$12.1 billion for prescription drugs in 2022, an increase of almost \$1.3 billion or 12.3% from 2021. (Up from approximately \$10.1 billion in 2020 and \$9.6 billion in 2019.)
- Since 2017, prescription drug costs paid by health plans increased by \$3.4 billion or 39%.
- Prescription drugs accounted for 14.2%* of total health plan premiums in 2022, an increase from 13.3% in 2021.
- While specialty drugs accounted for only 1.6% of all prescription drugs dispensed, they accounted for 64% of total annual spending on prescription drugs.
- Many of the primary drugs that are driving the increase in the total prescription drug cost spending for 2022 are the specialty and brand name drugs, including Jardiance, Ozempic, Victoza, Farxiga, and Wegovy, which are used in the management of diabetes or weight loss.
- Overall, in 2022 health plans paid 93.4% of the cost of the 25 most costly prescribed drugs across all three categories (generic, brand name, and specialty).
- Generic drugs accounted for 88.9% of all prescribed drugs but only 14.4% of the total annual spending on prescription drugs.
- For the second year, Pfizer and Moderna COVID-19 vaccines were amongst the most frequently prescribed brand-name drugs and the costliest 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.

- Drug manufacturer rebates helped mitigate some of the overall impact of rising prescription drug prices by reducing total health plan premiums by 2.4% in 2022.

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](#).

*The 2022 DMHC Report includes only prescription drugs dispensed through retail or mail order and does not include drugs that are provided in a hospital, administered in a doctor's office, or otherwise paid for through capitated payments to delegated providers. Therefore, the 14.2% of premiums in 2022 does not capture all costs of prescription drugs paid by health plans nor the true impact prescription drug costs had on health care premiums in 2022.

For more information about prescription drugs costs and their impact on premium costs, visit [RunawayRx.com](https://www.runawayrx.com).