

# **Impact of Prescription Drug Costs on Health Insurance Premiums**

## **California Department of Insurance Report for Calendar Year 2018 experience**

as required by Senate Bill 17 (2017)



Ricardo Lara  
*Insurance Commissioner*

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## I – Executive Summary

This report summarizes the California Department of Insurance (CDI) findings regarding prescription drug costs for commercial health insurance policies for the 2018 calendar year, based on data provided to the department pursuant to California Insurance Code (CIC) §10123.205(a).<sup>1</sup> This report demonstrates the overall impact of drug costs on health insurance premiums pursuant to CIC §10123.205(b).<sup>2</sup>

This is the second year that CDI has received information pursuant to Senate Bill 17 (2017). Analysis of this data reveals the following salient findings:

- 1) Prescription drugs accounted for 12.8% of total health care premiums in 2018 once rebates are considered, down from 13.2% in 2017 (Table 5).
- 2) Prescription drugs accounted for 15.2% of all medical costs in 2018 once rebates are considered, less than the 15.6% figure for 2017 (Table 5).
- 3) Generic drugs comprise 85% of all prescriptions, but only 20% of drug spending, while specialty drugs account for only 2% of all prescriptions, yet involve 55% of all drug spending. (Table 1)
- 4) Utilization decreased slightly between 2017 and 2018, when adjusted for changes in membership (Table 2). However, overall drug spending, including cost sharing paid by insured persons, remained flat over the two years (Table 4, item 1).
- 5) Drug cost per prescription increased by 4.7% overall (Table 8). These changes varied by category, with generic drugs showing a 3.6% decrease in cost per prescription, while specialty drugs showed a per-prescription increase of 17.2%.
- 6) A portion of the increase in drug costs per prescription for brand and specialty drugs was offset by the increasing use of rebates in 2018.
- 7) Among the 25 most costly prescription drugs, specialty drugs accounted for 1.0% of all prescriptions, but 28.6% of costs (Table 14).

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<sup>1</sup> CIC §10123.205(a)(1) A health insurer that reports rate information pursuant to Section 10181.3 or 10181.45 shall report the information described in paragraph (2) to the department no later than October 1 of each year, beginning October 1, 2018.

(2) For all covered prescription drugs, including generic drugs, brand name drugs, and specialty drugs dispensed at a plan pharmacy, network pharmacy, or mail order pharmacy for outpatient use, all of the following shall be reported:

(A) The 25 most frequently prescribed drugs.

(B) The 25 most costly drugs by total annual plan spending.

(C) The 25 drugs with the highest year-over-year increase in total annual plan spending.

<sup>2</sup> CIC §10123.205(b) The department shall compile the information reported pursuant to subdivision (a) into a report for the public and legislators that demonstrates the overall impact of drug costs on health care premiums. The data in the report shall be aggregated and shall not reveal information specific to individual health insurers.

## II - Analysis

**Definitions:** Definitions and sources of the terms used can be found in the glossary, but the following terms are used frequently throughout the report.

*Total Prescription Drug Spending (Annual Plan Spending):* Total payments made under the policy for prescription drugs on behalf of covered members, including payments made by insurers and member cost sharing = Allowed Dollar Amount.

*Insurer Spending (Paid Plan Cost):* Total payments made by insurers under the policy for prescription drugs and to health care providers on behalf of covered members. When this term only describes prescription drug costs, manufacturer rebates are excluded.

*Member Cost Sharing:* Total payments made by members under the policy for prescription drugs and to health care providers, including copays, deductibles, and coinsurance. Member Cost Sharing equals the Allowed Dollar Amount *minus* Insurer Spending.

*Member Months:* The total number of lives, including dependents, insured on a pre-specified day of each month of the reporting period.

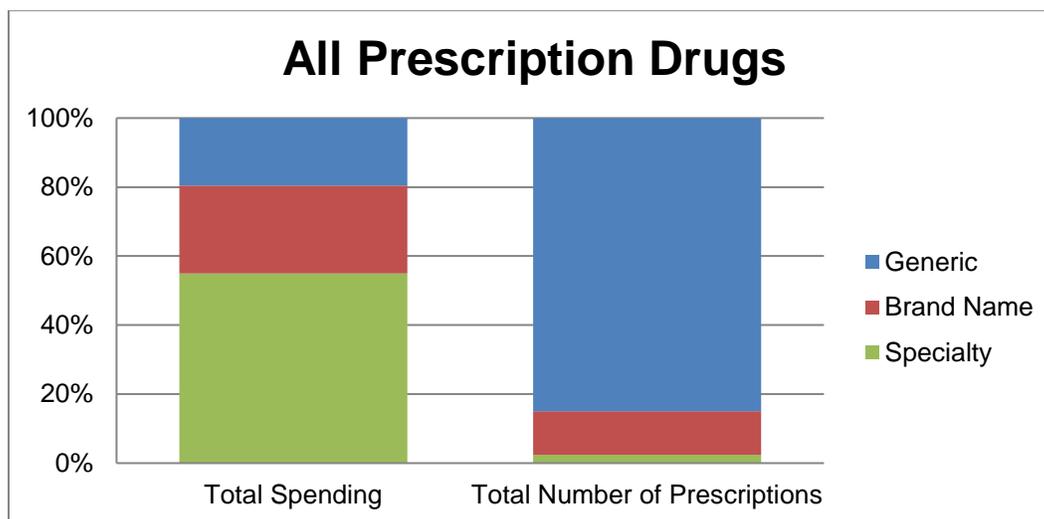
**Filings:** Covered prescription drugs include all covered drugs dispensed at a plan pharmacy, network pharmacy, or mail order pharmacy for outpatient use and include the following drug categories: generic, brand name, and specialty. CDI-regulated insurers reported to the department the 25 most frequently prescribed drugs, the 25 most costly drugs by total annual plan spending, and the 25 drugs with the highest year-over-year increase in total annual plan spending. This report aggregates the data provided across all insurers and does not reveal any insurer-specific information.

**Cost and Utilization For All Prescription Drugs:** For the 2018 calendar experience year, Table 1 summarizes the following: the total combined annual prescription drug spending (insurer spending plus member cost sharing), the total insurer prescription drug spending (excluding member cost share), and the total number of prescriptions for all generic, brand name, and specialty drugs for all market segments (individual, small group, and large group).

All Prescription Drugs	Generic	Brand Name	Specialty	Total
<b>Total Prescription Drug Spending (including member cost share) (\$ million)</b>	\$235.9	\$305.8	\$662.5	\$1,204.1
<b>Insurer Prescription Drug Spending (excluding member cost share) (\$ million)</b>	\$155.8	\$251.9	\$633.4	\$1,041.1
<b>Total Number of Prescriptions (thousand)</b>	8,373	1,249	239	9,862

Table 1

Using the information from Table 1, the chart below illustrates how prescription drug spending and utilization differ by drug type: generic drugs comprise 85% of prescriptions and 20% of spending, while specialty drugs comprise 2% of prescriptions and 55% of spending.



**Year-Over-Year Changes In Prescription Usage per Member For All Prescription Drugs:** The number of prescriptions per member per year (PMPY) between 2017 and 2018 for all generic, brand name, and specialty drugs are compared and summarized in Table 2. For CDI-regulated plans, the data implies a slight decrease in the number of prescriptions in all categories.

All Prescription Drugs	2017 (PMPY)	2018 (PMPY)	2018/2017
<b>Generic Scripts</b>	8.2	8.0	-2.3%
<b>Brand Name Scripts</b>	1.3	1.2	-8.9%
<b>Specialty Scripts</b>	0.3	0.2	-8.3%
<b>Total Scripts</b>	9.8	9.5	-3.3%

Table 2

**Costs In Relation To Premiums for All Prescription Drugs:** For 2018, for comprehensive medical plans that include pharmacy benefits, the total and per member per month (PMPM) paid prescription plan cost, paid medical plan cost, and health care premium are included in Table 3:

<b>Costs In Relation to Premium</b>	<b>Total Dollars (\$ million)</b>	<b>PMPM</b>
<b>Insurer Prescription Drug Spending (excluding member cost share)</b>	\$1,041.1	\$83.24
<b>Manufacturer Rebates Paid to Insurers</b>	-\$224.4	-\$17.94
<b>Insurer Prescription Drug Spending including Rebates</b>	\$816.7	\$65.30
<b>Medical Claim Spending (excluding member cost share)</b>	\$4,557.1	\$364.36
<b>Total Health Insurance Premium</b>	\$6,361.0	\$508.60
<b>Total Member Months</b>	12,507,000	

Table 3

*Table 3 includes aggregated information that is based on submissions from all health insurance companies to CDI and includes data from all fully-insured policies in the individual, small group, and large group markets.*

**Year-Over-Year Changes In Costs For All Prescription Drugs:** Table 4 compares the PMPM costs between 2017 and 2018 for comprehensive medical plans that include pharmacy benefits:

Costs in Relation to Premium	2017 (PMPM)	2018 (PMPM)	2018/2017
1) Total Prescription Drug Spending (including member cost share)	\$95.12	\$96.28	1.2%
2) Insurer Prescription Drug Spending (excluding member cost share)	\$81.18	\$83.24	2.5%
3) Manufacturer Rebates Paid to Insurers	-\$14.40	-\$17.94	24.6%
4) Insurer Prescription Drug Spending including Rebates	\$66.78	\$65.30	-2.2%
5) Medical Claim Spending (excluding member cost share)	\$364.28	\$364.36	0.0%
6) Total Health Insurance Premium	\$490.84	\$508.60	3.6%
7) Total Member Months	12,931,000	12,507,000	-3.3%

Table 4

The data in the corresponding rows in Table 4 indicate the following year over year changes:

- 1) an increase of 1.2% in overall drug spending per member, for combined costs paid by insurers and members. However, this is the cost before rebates are accounted for; overall drug spending per member decreased slightly when rebates are included.
- 3) significant increase in rebates paid.
- 4) insurers' costs for prescription drugs after accounting for rebates decreased slightly, 2.2%.

All Prescription Drugs	2017	2018
<b>Prescription Cost (Net of Rebates)</b>		
-as a % of Paid Medical + Prescription Cost	15.6%	15.2%
-as a % of Total Health Care Premium	13.2%	12.8%

Table 5

As shown in Table 5, prescription drug costs, net of manufacturer rebates, are stable when measured as a percent of medical and drug costs and when measured as a percent of health care premiums. However, Table 5 measures the net cost borne by health insurers and is not a measure of member cost sharing.

**Prescription Drug Costs PMPM for All Prescription Drugs:** Table 6 summarizes the total annual prescription drug spending, insurer prescription drug spending, and member cost sharing for all prescription drugs on a PMPM basis:

All Prescription Drugs	Generic (PMPM)	Brand Name (PMPM)	Specialty (PMPM)	Total (PMPM)
<b>Total Prescription Drug Spending (including member cost share)</b>	\$18.86	\$24.45	\$52.97	\$96.28
<b>Insurer Prescription Drug Spending (excluding cost share)</b>	\$12.45	\$20.14	\$50.65	\$83.24
<b>Total Member Cost Share</b>	\$6.41	\$4.30	\$2.32	\$13.03

Table 6

*In Table 6, member cost sharing for prescription drugs is 14% overall, measured as a percent of total annual plan spending before rebates to insurers. Member cost sharing increases to 17% if measured as a percent of total annual plan spending net of rebates. Separate rebate information for generic, brand name, and specialty drugs is not available. Member cost share is slightly lower both in dollar amount and percentage compared with data in 2017.*

**Prescription Drug Costs Per Script for All Prescription Drugs:** Total annual prescription drug spending, insurer prescription drug spending, and member cost sharing for all prescription drugs on a per script basis are summarized in Table 7. CIC § 10123.193 limits member cost sharing for prescription drugs.<sup>3</sup>

All Prescription Drugs	Generic (Per Script)	Brand Name (per Script)	Specialty (per Script)	Total (per Script)
<b>Total Prescription Drug Spending (including member cost share)</b>	\$28.17	\$244.80	\$2,766.84	\$122.10
<b>Insurer Prescription Drug Spending (excluding member cost share)</b>	\$18.60	\$201.70	\$2,645.49	\$105.57
<b>Total Member Cost Share</b>	\$9.57	\$43.11	\$121.35	\$16.53

Table 7

**Year-Over-Year Changes In Member Cost Share per Script For All Prescription Drugs:** Comparisons of member cost share per script between 2017 and 2018 for all generic, brand name, and specialty drugs are summarized in Table 8:

All Prescription Drugs	Generic (Per Script)	Brand Name (per Script)	Specialty (per Script)	Total (per Script)
<b>2017 Total Prescription Drug Spending (including member cost share)</b>	\$29.22	\$236.35	\$2,361.16	\$116.62
<b>2018 Total Prescription Drug Spending (including member cost share)</b>	\$28.17	\$244.80	\$2,766.84	\$122.10
<b>% Change</b>	-3.6%	3.6%	17.2%	4.7%

Table 8

<sup>3</sup> CIC § 10123.193(f) (1) With respect to an individual or group policy of health insurance subject to Section 10112.28, the copayment, coinsurance, or any other form of cost sharing for a covered outpatient prescription drug for an individual prescription for a supply of up to 30 days shall not exceed two hundred fifty dollars (\$250), except as provided in paragraphs (2) and (3).

(2) With respect to products with actuarial value at or equivalent to the bronze level, cost sharing for a covered outpatient prescription drug for an individual prescription for a supply of up to 30 days shall not exceed five hundred dollars (\$500), except as provided in paragraph (3).

(3) For a policy of health insurance that is a “high deductible health plan” under the definition set forth in Section 223(c)(2) of Title 26 of the United States Code, paragraphs (1) and (2) of this subdivision applies only once an insured’s deductible has been satisfied for the year.

Data in Table 8 indicates an average increase of 4.7% in cost per script; this varies, however, for different categories of drugs. The change for generics is a slight decrease of 3.6% while the change for specialty is an increase of 17.2%. The numbers in Table 8 do not account for rebates, as separate rebate information for generic, brand name, and specialty drugs is not available. Given the overall increase in rebate amounts in 2018 compared with 2017, we expect the net increases after accounting for rebates to be less than the 3.6% and 17.2% indicated above for brand and specialty drugs, respectively.

**The 25 Most Frequently Prescribed Drugs:** For all market segments combined for the 2018 experience year, information for the 25 most frequently prescribed drugs is summarized in Tables 9, 10, 11 and 12:

25 Most Frequently Prescribed Drugs	Generic	Brand Name	Specialty	Total
<b>Total Prescription Drug Spending (including member cost share) (\$ million)</b>	\$48.4	\$126.6	\$283.8	\$458.8
<b>Insurer Prescription Drug Spending (excluding member cost share) (\$ million)</b>	\$25.3	\$104.8	\$266.2	\$396.3
<b>Total Number of Prescriptions (thousand)</b>	3,069	645	125	3,839

Table 9

25 Most Frequently Prescribed Drugs	Generic	Brand Name	Specialty	Overall	All Other Prescribed Drugs	Total
<b>Total Percentage of Prescriptions</b>	31.1%	6.5%	1.3%	38.9%	61.1%	100.0%
<b>Total Spending on Prescription Drugs</b>	4.0%	10.5%	23.6%	38.1%	61.9%	100.0%
<b>Impact on Total Health Insurance Premiums</b>	0.4%	1.6%	4.2%	6.2%	10.1%	16.4%

Table 10

Tables 9 and 10 provide prescription drug cost by type and utilization. Prescription drug cost is before any rebates are subtracted from the cost. Separate rebate information for generic, brand name, and specialty drugs is not available.

25 Most Frequently Prescribed Drugs	Generic (PMPM)	Brand Name (PMPM)	Specialty (PMPM)	Total (PMPM)
<b>Total Prescription Drug Spending (including member cost share)</b>	\$3.87	\$10.12	\$22.69	\$36.68
<b>Insurer Prescription Drug Spending (excluding member cost share)</b>	\$2.02	\$8.38	\$21.29	\$31.69
<b>Total Member Cost Share</b>	\$1.85	\$1.74	\$1.40	\$4.99

Table 11

25 Most Frequently Prescribed Drugs	Generic (Per Script)	Brand Name (per Script)	Specialty (per Script)	Total (per Script)
<b>Total Prescription Drug Spending (including member cost share)</b>	\$15.77	\$196.27	\$2,274.92	\$119.50
<b>Insurer Prescription Drug Spending (excluding member cost share)</b>	\$8.24	\$162.52	\$2,134.26	\$103.23
<b>Total Member Cost Share</b>	\$7.54	\$33.75	\$140.66	\$16.27

Table 12

Tables 11 and 12 show that member cost sharing constitutes approximately 14% of drug cost. The percentage is expected to be higher if rebate amounts are taken into consideration.

**The 25 Most Costly Drugs by Total Prescription Drug Spending:** For all market segments combined for the 2018 experience year, information for the 25 most costly drugs by total spending is summarized in Tables 13, 14, 15 and 16:

25 Most Costly Drugs	Generic	Brand Name	Specialty	Total
<b>Total Prescription Drug Spending (including member cost share) (\$ million)</b>	\$73.4	\$149.3	\$344.6	\$567.3
<b>Insurer Prescription Drug Spending (excluding member cost share) (\$ million)</b>	\$53.1	\$130.4	\$326.0	\$509.5
<b>Total Number of Prescriptions (thousand)</b>	1,908	509	102	2,519

Table 13

25 Most Costly Drugs	Generic	Brand Name	Specialty	Overall	All Other Prescribed Drugs	Total
<b>Total Percentage of Prescriptions</b>	19.3%	5.2%	1.0%	25.5%	74.5%	100.0%
<b>Total Spending on Prescription Drugs</b>	6.1%	12.4%	28.6%	47.1%	52.9%	100.0%
<b>Impact on Total Health Insurance Premiums</b>	0.8%	2.0%	5.1%	8.0%	8.4%	16.4%

Table 14

*In Tables 13 and 14, the prescription drug cost is before any rebates are subtracted from the cost. Separate rebate information for generic, brand name, and specialty drugs is not available.*

*Note that the specialty drugs in this group account for only 1.0% of overall scripts but 28.6% of cost.*

25 Most Costly Drugs	Generic (PMPM)	Brand Name (PMPM)	Specialty (PMPM)	Total (PMPM)
<b>Total Prescription Drug Spending (including member cost share)</b>	\$5.87	\$11.94	\$27.56	\$45.36
<b>Insurer Prescription Drug Spending (excluding member cost share)</b>	\$4.24	\$10.42	\$26.07	\$40.73
<b>Total Member Cost Share</b>	\$1.62	\$1.52	\$1.49	\$4.62

Table 15

25 Most Costly Drugs	Generic (Per Script)	Brand Name (per Script)	Specialty (per Script)	Total (per Script)
<b>Total Prescription Drug Spending (including member cost share)</b>	\$38.45	\$293.32	\$3,371.42	\$225.19
<b>Insurer Prescription Drug Spending (excluding member cost share)</b>	\$27.83	\$256.08	\$3,189.28	\$202.23
<b>Total Member Cost Share</b>	\$10.62	\$37.24	\$182.14	\$22.96

Table 16

*In Tables 15 and 16, member cost sharing constitutes approximately 10% of drug costs. For costly drugs, members pay a smaller share, likely due to copay designs and limits on out-of-pocket cost sharing.*

**The 25 Drugs with the highest 2018-over-2017 Increase in Total Prescription Drug Spending:** For all market segments combined, information for the 25 drugs with the highest 2018-over-2017 increases is summarized in Table 17:

<b>25 Drugs with Highest Increase</b>	<b>Generic</b>	<b>Brand Name</b>	<b>Specialty</b>	<b>Total</b>
<b>2017 Total Prescription Drug Spending (including member cost share) (\$ million)</b>	\$28.4	\$64.4	\$149.9	\$242.6
<b>2018 Total Prescription Drug Spending (including member cost share) (\$ million)</b>	\$44.2	\$92.7	\$238.9	\$375.8

Table 17

*The names of the drugs with the highest increases are listed in Tables 24-26.*

### **III – Overview of the Filings**

#### **Information received from the companies**

The findings presented here are based on the department's review of data received from insurance companies. The department has accepted the submitted data to be accurate without conducting an independent audit or verification of the accuracy of the submitted data. There is no reason to assume the data is not accurate, but the department cannot guarantee the accuracy and integrity of the submitted data. As much as possible, the data has been verified to be internally consistent, and when there have been inconsistencies, the department has requested and received appropriate corrections and explanations from the companies.

#### **Background to the current filings**

This is the second year insurance companies must report prescription drug data to the department pursuant to CIC §10123.205. The department received filings from all insurers required to report prescription drug data.

## IV – Summary of the Filings

The department received filings pursuant to CIC §10123.205 from nine insurers. The filings include, for all market segments combined, the 25 most frequently prescribed drugs, the 25 most costly drugs by total annual plan spending, and the 25 drugs with the highest year-over-year increase in total annual plan spending in each of the three drug categories: generic, brand name and specialty. The tables below present this data aggregated across all insurers and do not reveal information specific to individual health insurers.

Insurance companies that submitted filings with the department:

<b>Company</b>
<b>Aetna Life Insurance Company</b>
<b>Anthem Blue Cross Life &amp; Health Insurance Company</b>
<b>Blue Shield of California Life &amp; Health Insurance Company</b>
<b>Cigna Health &amp; Life Insurance Company</b>
<b>Health Net Life Insurance Company</b>
<b>Kaiser Permanente Insurance Company</b>
<b>National Health Insurance Company</b>
<b>Nippon Life Insurance Company of America</b>
<b>UnitedHealthcare Insurance Company</b>

**The 25 Most Frequently Prescribed Drugs:** For all market segments combined, the following tables aggregate the 25 most frequently prescribed generic, brand name, and specialty drugs across all insurers.

*The 25 Most Frequently Prescribed Generic Drugs:*

Rank	Prescription Drug Name	Therapy Class
1	ATORVASTATIN	Cardiovascular Agents
2	LEVOTHYROXINE	Hormonal Agents, Stimulant/Replacement/Modifying (Thyroid)
3	LISINOPRIL	Cardiovascular Agents
4	AMOXICILLIN	Antibacterials
5	AMLODIPINE	Cardiovascular Agents
6	METFORMIN	Cardiovascular Agents
7	LOSARTAN	Cardiovascular Agents
8	ESCITALOPRAM	Antidepressants; Anxiolytics
9	BUPROPION	Cardiovascular Agents
10	AZITHROMYCIN	Antibacterials
11	HYDROCODONE	Respiratory Tract/Pulmonary Agents
12	OMEPRAZOLE	Gastrointestinal Agents
13	METOPROLOL	Gastrointestinal Agents
14	HYDROCHLOROTHIAZIDE	Cardiovascular Agents
15	ALPRAZOLAM	Anxiolytics
16	SIMVASTATIN	Cardiovascular Agents
17	GABAPENTIN	Anticonvulsants; Central Nervous System Agents
18	MONTELUKAST	Respiratory Tract/Pulmonary Agents
19	SERTRALINE	Antidepressants; Anxiolytics
20	DEXTROAMPHETAMINE	Central Nervous System Agents
21	ROSUVASTATIN	Cardiovascular Agents
22	ZOLPIDEM	Sleep Disorder Agents
23	PREDNISONE	Hormonal Agents, Stimulant/Replacement/Modifying (Adrenal); Inflammatory Bowel Disease Agents
24	PANTOPRAZOLE	Gastrointestinal Agents
25	FLUOXETINE	Antidepressants

Table 18

*The 25 Most Frequently Prescribed Brand Name Drugs:*

Rank	Prescription Drug Name	Therapy Class
1	SYNTHROID	Hormonal Agents, Stimulant/Replacement/Modifying (Thyroid)
2	VENTOLIN	Respiratory Tract/Pulmonary Agents
3	VYVANSE	Central Nervous System Agents
4	ONETOUCH	Blood Glucose Regulators
5	LO LOESTRIN FE	Contraceptives
6	NUVARING	Contraceptives
7	PROAIR	Respiratory Tract/Pulmonary Agents
8	ARMOUR THYROID	Hormonal Agents, Stimulant/Replacement/Modifying (Thyroid)
9	HUMALOG	Blood Glucose Regulators
10	ADVAIR	Respiratory Tract/Pulmonary Agents
11	ADDERALL	Central Nervous System Agents
12	BYSTOLIC	Cardiovascular Agents
13	CIALIS	Genitourinary Agents; Sexual Disorder Agents
14	SYMBICORT	Respiratory Tract/Pulmonary Agents
15	XARELTO	Blood Products and Modifiers
16	ELIQUIS	Blood Products and Modifiers
17	JARDIANCE	Blood Glucose Regulators
18	JANUVIA	Blood Glucose Regulators
19	DEXILANT	Gastrointestinal Agents
20	FLOVENT	Respiratory Tract/Pulmonary Agents
21	BASAGLAR	Blood Glucose Regulators
22	LANTUS	Blood Glucose Regulators
23	CONCERTA	Central Nervous System Agents
24	VIVELLE-DOT	Hormonal Agents, Stimulant/Replacement/Modifying (Sex Hormones/Modifiers)
25	YAZ	Contraceptives

Table 19

*The 25 Most Frequently Prescribed Specialty Drugs:*

Rank	Prescription Drug Name	Therapy Class
1	TRUVADA	Antivirals
2	HUMIRA	Immunological Agents
3	TRULICITY	Blood Glucose Regulators
4	HUMALOG	Blood Glucose Regulators
5	VICTOZA	Blood Glucose Regulators
6	LATUDA	Antipsychotics
7	GENVOYA	Antivirals
8	ENBREL	Immunological Agents
9	ANDROGEL	Hormonal Agents, Stimulant/Replacement/Modifying (Sex Hormones/Modifiers)
10	TRIUMEQ	Antivirals
11	DESCOVY	Antivirals
12	STELARA	Immunological Agents
13	MESALAMINE	Inflammatory Bowel Disease Agents
14	TIVICAY	Antivirals
15	LIALDA	Inflammatory Bowel Disease Agents
16	NOVOLOG	Blood Glucose Regulators
17	EPINEPHRINE	Respiratory Tract/Pulmonary Agents
18	OTEZLA	Dermatological Agents; Immunological Agents
19	VIMPAT	Anticonvulsants
20	DUPIXENT	Immunological Agents
21	ODEFSEY	Antivirals
22	COSENTYX	Immunological Agents
23	XOLAIR	Immunological Agents
24	XIFAXAN	Antibacterials; Gastrointestinal Agents
25	TENOFOVIR	Antivirals

Table 20

**The 25 Most Costly Drugs by Total Prescription Drug Spending:** For all market segments combined, the following tables aggregate the 25 most costly generic, brand name, and specialty drugs across all insurers.

*The 25 Most Costly Generic Drugs by Total Prescription Drug Spending:*

Rank	Prescription Drug Name	Therapy Class
1	DEXTROAMPHETAMINE	Central Nervous System Agents
2	ATORVASTATIN	Cardiovascular Agents
3	METHYLPHENIDATE	Central Nervous System Agents
4	ROSUVASTATIN	Cardiovascular Agents
5	BUPROPION	Cardiovascular Agents
6	LEVOTHYROXINE	Hormonal Agents, Stimulant/Replacement/Modifying (Thyroid)
7	OSELTAMIVIR	Antivirals
8	ESTRADIOL	Hormonal Agents, Stimulant/Replacement/Modifying (Sex Hormones/Modifiers)
9	CLOBETASOL	Dermatological Agents
10	METOPROLOL	Gastrointestinal Agents
11	DOXYCYCLINE	Antibacterials
12	BUDESONIDE	Respiratory Tract/Pulmonary Agents
13	METFORMIN	Cardiovascular Agents
14	ARIPIPRAZOLE	Antidepressants; Antipsychotics; Bipolar Agents
15	DULOXETINE	Antidepressants; Anxiolytics; Central Nervous System Agents
16	MESALAMINE	Inflammatory Bowel Disease Agents
17	ESCITALOPRAM	Antidepressants; Anxiolytics
18	VALACYCLOVIR	Antivirals
19	ATOMOXETINE	Central Nervous System Agents
20	PROGESTERONE	Hormonal Agents, Stimulant/Replacement/Modifying (Sex Hormones/Modifiers)
21	MONTELUKAST	Respiratory Tract/Pulmonary Agents
22	EZETIMIBE	Cardiovascular Agents
23	SILDENAFIL	Sexual Disorder Agents
24	HYDROXYCHLORO-QUINE	Antiparasitics
25	SERTRALINE	Antidepressants; Anxiolytics

Table 21

*The 25 Most Costly Brand Name Drugs by Total Prescription Drug Spending:*

<b>Rank</b>	<b>Prescription Drug Name</b>	<b>Therapy Class</b>
1	VYVANSE	Central Nervous System Agents
2	HUMALOG	Blood Glucose Regulators
3	ADVAIR	Respiratory Tract/Pulmonary Agents
4	JARDIANCE	Blood Glucose Regulators
5	XARELTO	Blood Products and Modifiers
6	ELIQUIS	Blood Products and Modifiers
7	NUVARING	Contraceptives
8	LYRICA	Central Nervous System Agents
9	JANUVIA	Blood Glucose Regulators
10	LO LOESTRIN FE	Contraceptives
11	SYMBICORT	Respiratory Tract/Pulmonary Agents
12	ADDERALL	Central Nervous System Agents
13	CIALIS	Genitourinary Agents; Sexual Disorder Agents
14	INVOKANA	Blood Glucose Regulators
15	BREO ELLIPTA	Respiratory Tract/Pulmonary Agents
16	LEVEMIR	Blood Glucose Regulators
17	LANTUS	Blood Glucose Regulators
18	CONCERTA	Central Nervous System Agents
19	STELARA	Immunological Agents
20	DEXILANT	Gastrointestinal Agents
21	BASAGLAR	Blood Glucose Regulators
22	ONETOUGH	Blood Glucose Regulators
23	FARXIGA	Blood Glucose Regulators
24	TRINTELLIX	Antidepressants
25	TRESIBA	Blood Glucose Regulators

Table 22

*The 25 Most Costly Specialty Drugs by Total Prescription Drug Spending:*

<b>Rank</b>	<b>Prescription Drug Name</b>	<b>Therapy Class</b>
1	HUMIRA	Immunological Agents
2	TRUVADA	Antivirals
3	STELARA	Immunological Agents
4	ENBREL	Immunological Agents
5	GENVOYA	Antivirals
6	TECFIDERA	Central Nervous System Agents
7	REVLIMID	Antineoplastics
8	COSENTYX	Immunological Agents
9	COPAXONE	Central Nervous System Agents
10	TRIUMEQ	Antivirals
11	IBRANCE	Antineoplastics
12	XYREM	Sleep Disorder Agents
13	GILENYA	Central Nervous System Agents
14	TRULICITY	Blood Glucose Regulators
15	OTEZLA	Dermatological Agents; Immunological Agents
16	HUMALOG	Blood Glucose Regulators
17	VICTOZA	Blood Glucose Regulators
18	DUPIXENT	Immunological Agents
19	OMNITROPE	Hormonal Agents, Stimulant/Replacement/Modifying (Pituitary)
20	LATUDA	Antipsychotics
21	HARVONI	Antivirals
22	SPRYCEL	Antineoplastics
23	NUTROPIN	Hormonal Agents, Stimulant/Replacement/Modifying (Pituitary)
24	ODEFSEY	Antivirals
25	XOLAIR	Immunological Agents

Table 23

**The 25 Drugs with the Highest 2018-over-2017 Increase in Total Prescription Drug Spending:** For all market segments combined, the following tables aggregate the 25 generic, brand name, and specialty drugs with the highest year-over-year increase across all insurers.

*The 25 Generic Drugs with the Highest 2018-over-2017 Increase in Total Prescription Drug Spending:*

Rank	Prescription Drug Name	Therapy Class
1	SILDENAFIL	Sexual Disorder Agents
2	OSELTAMIVIR	Antivirals
3	MESALAMINE	Inflammatory Bowel Disease Agents
4	ESTRADIOL	Hormonal Agents, Stimulant/Replacement/Modifying (Sex Hormones/Modifiers)
5	TESTOSTERONE	Hormonal Agents, Stimulant/Replacement/Modifying (Sex Hormones/Modifiers)
6	ATOMOXETINE	Central Nervous System Agents
7	TADALAFIL	Cardiovascular Agents
8	DEXTROAMPHETAMINE	Central Nervous System Agents
9	ATORVASTATIN	Cardiovascular Agents
10	MYORISAN	Dermatological Agents
11	SERTRALINE	Antidepressants; Anxiolytics
12	ROSUVASTATIN	Cardiovascular Agents
13	LOSARTAN	Cardiovascular Agents
14	PRASUGREL	Blood Products and Modifiers
15	DOXYCYCLINE	Antibacterials
16	ELETRIPTAN	Antimigraine Agents
17	METHYLPHENIDATE	Central Nervous System Agents
18	BUPROPION	Cardiovascular Agents
19	VENLAFAXINE	Antidepressants
20	YUVAFEM	Hormonal Agents, Stimulant/Replacement/Modifying (Sex Hormones/Modifiers)
21	SEVELAMER	Electrolytes/Minerals/Metals/Vitamins
22	TENOFOVIR	Antivirals
23	TACROLIMUS	Immunological Agents
24	FLUOXETINE	Antidepressants
25	LAMOTRIGINE	Anticonvulsants; Bipolar Agents

Table 24

*The 25 Brand Name Drugs with the Highest 2018-over-2017 Increase in Total Prescription Drug Spending:*

<b>Rank</b>	<b>Prescription Drug Name</b>	<b>Therapy Class</b>
1	JARDIANCE	Blood Glucose Regulators
2	ELIQUIS	Blood Products and Modifiers
3	QVAR REDIHALER	Respiratory Tract/Pulmonary Agents
4	BASAGLAR	Blood Glucose Regulators
5	TRESIBA	Blood Glucose Regulators
6	BREO ELLIPTA	Respiratory Tract/Pulmonary Agents
7	STELARA	Immunological Agents
8	HUMALOG	Blood Glucose Regulators
9	VYVANSE	Central Nervous System Agents
10	XARELTO	Blood Products and Modifiers
11	COSENTYX	Immunological Agents
12	XIIDRA	Ophthalmic Agents
13	TRINTELLIX	Antidepressants
14	FARXIGA	Blood Glucose Regulators
15	JANUVIA	Blood Glucose Regulators
16	RESTASIS	Ophthalmic Agents
17	LO LOESTRIN FE	Contraceptives
18	NUVARING	Contraceptives
19	LYRICA	Central Nervous System Agents
20	ADVATE	Blood Products and Modifiers
21	SHINGRIX	Vaccines
22	DUPIXENT	Immunological Agents
23	SYMBICORT	Respiratory Tract/Pulmonary Agents
24	NORDITROPIN	Hormonal Agents, Stimulant/Replacement/Modifying (Pituitary)
25	ADVAIR	Respiratory Tract/Pulmonary Agents

Table 25

*The 25 Specialty Drugs with the Highest 2018-over-2017 Increase in Total Prescription Drug Spending:*

<b>Rank</b>	<b>Prescription Drug Name</b>	<b>Therapy Class</b>
1	TRUVADA	Antivirals
2	STELARA	Immunological Agents
3	HUMIRA	Immunological Agents
4	DUPIXENT	Immunological Agents
5	COSENTYX	Immunological Agents
6	TRULICITY	Blood Glucose Regulators
7	TREMFYA	Immunological Agents
8	GENVOYA	Antivirals
9	BIKTARVY	Antivirals
10	FIRAZYR	Immunological Agents
11	ZYTIGA	Antineoplastics
12	XYREM	Sleep Disorder Agents
13	OMNITROPE	Hormonal Agents, Stimulant/Replacement/Modifying (Pituitary)
14	OTEZLA	Dermatological Agents; Immunological Agents
15	TAGRISO	Antineoplastics
16	TRIUMEQ	Antivirals
17	TECFIDERA	Central Nervous System Agents
18	TALTZ	Immunological Agents
19	HUMALOG	Blood Glucose Regulators
20	MAVYRET	Antivirals
21	REVLIMID	Antineoplastics
22	XELJANZ	Immunological Agents
23	ODEFSEY	Antivirals
24	SYMDEKO	Respiratory Tract/Pulmonary Agents
25	ENBREL	Immunological Agents

Table 26

## V – Glossary

**Administrative Expenses/Costs:** Business expenses associated with general administration, agents/brokers fees and commissions, direct sales salaries, workforce salaries and benefits, loss adjustment expenses, cost containment expenses, and community benefit expenditures. (Federal MLR definition: 45 CFR § 158.160, [https://www.ecfr.gov/cgi-bin/text-idx?SID=6ea1241a2b8614a67ad2f095f440d710&mc=true&node=se45.1.158\\_1160&rgn=div8](https://www.ecfr.gov/cgi-bin/text-idx?SID=6ea1241a2b8614a67ad2f095f440d710&mc=true&node=se45.1.158_1160&rgn=div8).)

**Allowed Dollar Amount:** Total payments made under the policy to health care providers on behalf of covered members, including payments made by issuers and member cost sharing. (Healthcare.gov Glossary, <https://www.healthcare.gov/glossary/allowed-amount/>.)

**Annual Plan Spending:** Total payments made under the policy to health care providers on behalf of covered members, including payments made by issuers and member cost sharing = Allowed Dollar Amount. (Healthcare.gov Glossary, <https://www.healthcare.gov/glossary/allowed-amount/>.)

**Biological Product:** Biological products are regulated by the Food and Drug Administration (FDA) and are used to diagnose, prevent, treat, and cure diseases and medical conditions. Biological products are a diverse category of products and are generally large, complex molecules. These products may be produced through biotechnology in a living system. (FDA, <https://www.fda.gov/Drugs/DevelopmentApprovalProcess/HowDrugsareDevelopedandApproved/ApprovalApplications/TherapeuticBiologicApplications/Biosimilars/ucm580419.htm>.)

**Biosimilar Product:** A biosimilar product is a biological product that is highly similar to and has no clinically meaningful differences from an existing FDA-approved reference product. Treated in this report as Generic, unless the plan- or insurer-negotiated monthly cost exceeds the threshold for a Specialty Drug. (FDA, <https://www.fda.gov/Drugs/DevelopmentApprovalProcess/HowDrugsareDevelopedandApproved/ApprovalApplications/TherapeuticBiologicApplications/Biosimilars/ucm580419.htm>.)

**Brand Name Drug:** Medications protected by patents that grant their makers exclusive marketing rights for several years. When patents expire, other manufacturers can sell generic copies at lower prices. (AARP Medicare Part D Glossary, [https://www.aarp.org/health/medicare-insurance/info-11-2009/Medicare\\_partD\\_guide\\_glossery.html](https://www.aarp.org/health/medicare-insurance/info-11-2009/Medicare_partD_guide_glossery.html).)

**Dispensed at Pharmacy:** Dispensed at a plan pharmacy, network pharmacy, or mail order pharmacy for outpatient use. (SB 17, [https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201720180SB17.](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB17.))

**Formulary:** List of drugs used to treat patients in a drug benefit plan. Products listed on a formulary are covered for reimbursement at varying levels. (PBMI Drug Glossary, [https://www.pbmi.com/PBMI/Services/Drug\\_Benefit\\_Glossary/PBMI/Services/Drug\\_Benefit\\_Glossary.aspx?hkey=1051faba-063f-4ae3-a95b-70cd0476f1db.](https://www.pbmi.com/PBMI/Services/Drug_Benefit_Glossary/PBMI/Services/Drug_Benefit_Glossary.aspx?hkey=1051faba-063f-4ae3-a95b-70cd0476f1db.))

**Generic Drug:** A generic drug is a medication created to be the same as an already marketed brand name drug in dosage, form, safety, strength, route of administration, quality, performance characteristics, and intended use. These similarities help to demonstrate bioequivalence, which means that a generic drug works in the same way and provides the same clinical benefit as its brand name version. In other words, a generic drug is an equal substitute for its brand name counterpart. (FDA, <https://www.fda.gov/Drugs/ResourcesForYou/Consumers/QuestionsAnswers/ucm100100.htm.>)

**Interchangeable Product:** An interchangeable product is a biosimilar product that meets additional requirements outlined by the Biologics Price Competition and Innovation Act. (FDA, <https://www.fda.gov/Drugs/DevelopmentApprovalProcess/HowDrugsareDevelopedandApproved/ApprovalApplications/TherapeuticBiologicApplications/Biosimilars/ucm580419.htm.>)

**Mail Order:** Licensed pharmacy established to dispense maintenance medications for chronic use in quantities greater than normally purchased at a retail pharmacy. The mail order pharmacy usually uses highly automated equipment so that non-pharmacists perform many routine tasks. As a result, mail order can typically dispense medication at a lower cost per prescription. (PBMI Drug Glossary, [https://www.pbmi.com/PBMI/Services/Drug\\_Benefit\\_Glossary/PBMI/Services/Drug\\_Benefit\\_Glossary.aspx?hkey=1051faba-063f-4ae3-a95b-70cd0476f1db.](https://www.pbmi.com/PBMI/Services/Drug_Benefit_Glossary/PBMI/Services/Drug_Benefit_Glossary.aspx?hkey=1051faba-063f-4ae3-a95b-70cd0476f1db.))

**Member Cost Sharing:** Total payments made by members under the policy to health care providers, including copays, deductibles, and coinsurances = Allowed Dollar Amount – Paid Plan Cost.

**Member Months:** The total number of lives, including dependents, insured on a pre-specified day of each month of the reporting period.

**National Drug Code (NDC):** Numeric system to identify drug products in the United States. A drug's NDC number is often expressed using a 3-segment-number where the first segment identifies the manufacturer, the second identifies the product and strength, and the last identifies the package size and type. (PBMI Drug Glossary, [https://www.pbmi.com/PBMI/Services/Drug\\_Benefit\\_Glossary/PBMI/Services/Drug\\_Benefit\\_Glossary.aspx?hkey=1051faba-063f-4ae3-a95b-70cd0476f1db.](https://www.pbmi.com/PBMI/Services/Drug_Benefit_Glossary/PBMI/Services/Drug_Benefit_Glossary.aspx?hkey=1051faba-063f-4ae3-a95b-70cd0476f1db.))

**Number of Prescriptions:** A 30-day supply is treated as a unit. Between 1- to 30-day supply is 1 unit, between 31- to 60-day supply is 2 units, and more than a 60-day supply is treated as 3 units.

**Paid Dollar Amount:** Allowed Dollar Amount minus the member cost sharing amount = Incurred Costs. (If this term is related to drug cost only, excludes Manufacturer Rebate.)

**Paid Plan Claim (Paid Plan Cost):** Allowed Dollar Amount minus the member cost sharing amount = Incurred Costs. (If this term is related to drug cost only, excludes Manufacturer Rebate.)

**Pharmacy Benefit Manager (PBM):** Organization dedicated to administering prescription benefit management services to employers, health plans, third-party administrators, union groups, and other plan sponsors. A full-service PBM maintains eligibility, adjudicates prescription claims, provides clinical services and customer support, contracts and manages pharmacy networks, and provides management reports. (PBMI Drug Glossary, [https://www.pbmi.com/PBMI/Services/Drug\\_Benefit\\_Glossary/PBMI/Services/Drug\\_Benefit\\_Glossary.aspx?hkey=1051faba-063f-4ae3-a95b-70cd0476f1db.](https://www.pbmi.com/PBMI/Services/Drug_Benefit_Glossary/PBMI/Services/Drug_Benefit_Glossary.aspx?hkey=1051faba-063f-4ae3-a95b-70cd0476f1db.))

**Pharmacy Benefits Carve-In:** Management of the drug benefit is included with the management of the medical benefit, using a single entity and contract to administer both benefits. (PBMI Drug Glossary, [https://www.pbmi.com/PBMI/Services/Drug\\_Benefit\\_Glossary/PBMI/Services/Drug\\_Benefit\\_Glossary.aspx?hkey=1051faba-063f-4ae3-a95b-70cd0476f1db.](https://www.pbmi.com/PBMI/Services/Drug_Benefit_Glossary/PBMI/Services/Drug_Benefit_Glossary.aspx?hkey=1051faba-063f-4ae3-a95b-70cd0476f1db.))

**Pharmacy Benefits Carve-Out:** Management of the drug benefit is separate from the management of the medical benefit, using two different entities or two separate contracts to administer the benefits. (PBMI Drug Glossary, [https://www.pbmi.com/PBMI/Services/Drug\\_Benefit\\_Glossary/PBMI/Services/Drug\\_Benefit\\_Glossary.aspx?hkey=1051faba-063f-4ae3-a95b-70cd0476f1db.](https://www.pbmi.com/PBMI/Services/Drug_Benefit_Glossary/PBMI/Services/Drug_Benefit_Glossary.aspx?hkey=1051faba-063f-4ae3-a95b-70cd0476f1db.))

**Prescription Drug:** A self-administered drug approved by the FDA for sale to the public through retail or mail order pharmacies that requires a prescription and is not provided for use on an inpatient basis or administered in a clinical setting or by a licensed health care provider. The term includes: (i) disposable devices that are medically necessary for the administration of a covered prescription drug, such as spacers and inhalers for the administration of aerosol outpatient prescription drugs; (ii) syringes for self-injectable prescription drugs that are not dispensed in pre-filled syringes; (iii) drugs, devices, and FDA-approved products covered under the prescription drug benefit of the product pursuant to sections 1367.002 and 1367.25 of the Health and Safety Code, including any such over-the-counter drugs, devices, and FDA-approved products; and (iv) at the option of the health care service plan, any vaccines or other health benefits covered under the prescription drug benefit of the product. (FDA, <https://www.fda.gov/Drugs/ResourcesForYou/Consumers/QuestionsAnswers/ucm100101.htm>.)

**Reference Product:** A reference product is the single biological product, already approved by the FDA, against which a proposed biosimilar product is compared. A reference product is approved based on, among other things, a full complement of safety and effectiveness data. Treated in this report as Brand Name or Brand Name Specialty. (FDA, <https://www.fda.gov/Drugs/DevelopmentApprovalProcess/HowDrugsareDevelopedandApproved/ApprovalApplications/TherapeuticBiologicApplications/Biosimilars/ucm580419.htm>.)

**Retail:** Medications are purchased at a retail pharmacy.

**Specialty Drug:** A drug with a plan- or insurer-negotiated monthly cost that exceeds the threshold for a specialty drug under the Medicare Part D program (Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108-173)). In 2018, the threshold amount is \$670 for a one-month supply. (SB 17, <https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/Announcement2018.pdf>.)