

Impact of Prescription Drug Costs on Health Insurance Premiums

California Department of Insurance Report for Calendar Year 2019 Experience

**Insurance Code § 10123.205(b)
Senate Bill 17 (Chapter 603, Statutes of 2017)**



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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 2019 calendar year. It demonstrates the overall impact of drug costs on health insurance premiums as required by California Insurance Code (CIC) § 10123.205(b)¹, and is based on data provided to CDI pursuant to CIC § 10123.205(a).² This is the third year that CDI has received and analyzed this information pursuant to Senate Bill 17 (Chapter 603, Statutes of 2017).

Comparing the 2019 data to previous years reveals the following:

- 1) Prescription drugs accounted for 13.6% of total health care premiums in 2019 once rebates are considered, up from 12.9% in 2018 (Table 5).³
- 2) Prescription drugs accounted for 16.0% of all medical costs in 2019 once rebates are considered, greater than the 15.3% figure for 2018 (Table 5).⁴
- 3) Generic drugs comprise 86% of all prescriptions, but only 19% of drug spending. Conversely, specialty drugs account for only 3% of all prescriptions, yet involve 60% of all drug spending (Table 1).
- 4) Drug utilization increased between 2018 and 2019, when adjusted for changes in membership (Table 2). Overall drug spending, including cost sharing paid by insured persons, also increased over the two years (Table 4, item 1).
- 5) Drug costs per prescription increased by 4.9% overall (Table 8). These changes varied by category, with generic drugs showing a 0.6% decrease in cost per prescription, while specialty drugs showed a per-prescription increase of 3.9%.
- 6) A portion of the increase in drug costs per prescription for brand and specialty drugs was offset by the increased use of rebates in 2019.
- 7) Among the 25 most costly prescription drugs, specialty drugs accounted for 1.2% of all prescriptions, but 31.6% of costs (Table 14).

¹ 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.

² 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 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.

³ Several health insurers updated their costs for 2018, resulting in slight change in the 2018 figure.

⁴ Several health insurers updated their costs for 2018, resulting in slight change in the 2018 figure.

II – Analysis

Filings: Covered prescription drugs include all covered drugs dispensed at a 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. Consistent with CIC § 10123.205(b), this report aggregates the data provided across all insurers and does not reveal any insurer-specific information.

Definitions: Definitions and sources of the terms used in this report 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. This is also known as the 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.

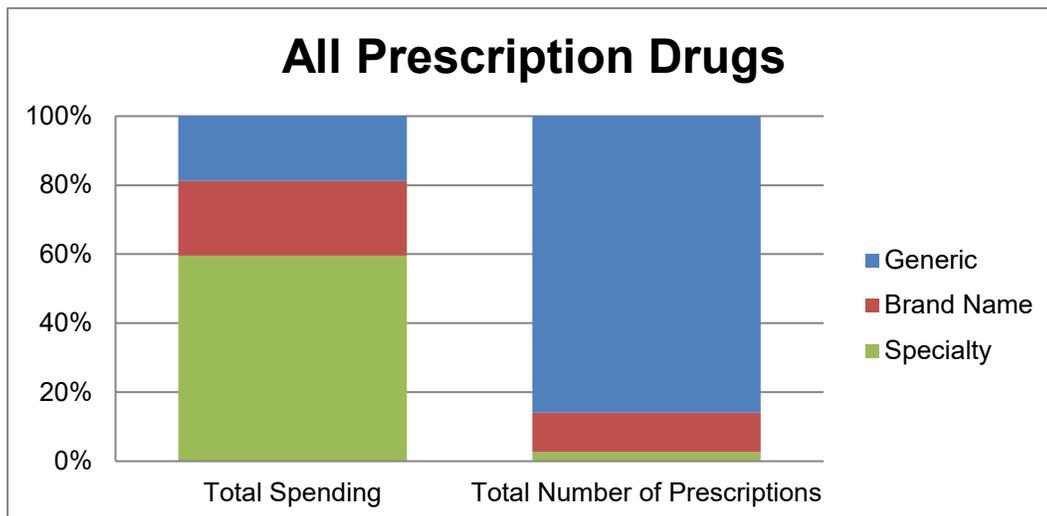
Member Months: The total number of lives, including dependents, insured on a pre-specified day of each month of the reporting period.

Cost and Utilization For All Prescription Drugs: For the 2019 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
Total Prescription Drug Spending (including member cost share) (\$ million)	\$249.2	\$288.0	\$790.4	\$1,327.7
Insurer Prescription Drug Spending (excluding member cost share) (\$ million)	\$166.6	\$239.4	\$757.9	\$1,164.0
Total Number of Prescriptions (thousand)	8,903	1,190	275	10,370

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 86% of prescriptions and 19% of spending, while specialty drugs comprise 3% of prescriptions and 60% 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 2018 and 2019 for all generic, brand name, and specialty drugs are compared and summarized in Table 2. For CDI-regulated plans, the data suggests an increase in the number of prescriptions for generic and specialty drugs.

All Prescription Drugs	2018 (PMPY)	2019 (PMPY)	2019/2018
Generic Scripts	8.0	8.3	3.4%
Brand Name Scripts	1.2	1.1	-7.4%
Specialty Scripts	0.2	0.3	11.6%
Total Scripts	9.5	9.7	2.2%

Table 2

Costs In Relation To Premiums for All Prescription Drugs: For 2019, for comprehensive medical plans that include pharmacy benefits, the total and per member per month (PMPM) paid prescription plan cost, paid medical plan cost (insurer cost for medical care, not including prescription drug costs), and health care premium are included in Table 3:

Costs In Relation to Premium	Total Dollars (\$ million)	PMPM
Insurer Prescription Drug Spending (excluding member cost share)(Paid Plan Cost)	\$1,164.0	\$90.49
Manufacturer Rebates Paid to Insurers	-\$234.0	-\$18.19
Insurer Prescription Drug Spending including Rebates	\$930.0	\$72.30
Medical Claim Spending (excluding member cost share)(Paid Medical Plan Cost)	\$4,888.5	\$380.01
Total Health Insurance Premium	\$6,845.6	\$532.15
Total Member Months	12,864,000	

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 2018 and 2019 for comprehensive medical plans that include pharmacy benefits⁵:

Costs in Relation to Premium	2018 (PMPM)	2019 (PMPM)	2019/2018
1) Total Prescription Drug Spending (including member cost share)	\$96.28	\$103.21	8.5%
2) Insurer Prescription Drug Spending (excluding member cost share)(Paid Plan Cost)	\$82.98	\$90.49	9.0%
3) Manufacturer Rebates Paid to Insurers	-\$17.36	-\$18.19	4.8%
4) Insurer Prescription Drug Spending including Rebates	\$65.62	\$72.30	10.2%
5) Medical Claim Spending (excluding member cost share)(Paid Medical Plan Cost)	\$363.71	\$380.01	4.5%
6) Total Health Insurance Premium	\$508.08	\$532.15	4.7%
7) Total Member Months	12,522,000	12,864,000	2.7%

Table 4

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

- Row 1) shows an increase of 8.5% in overall drug spending per member, for combined costs paid by insurers and members. However, the portion paid by the insurer is slightly higher, at 9.0% before rebates are accounted for; and 10.2% when rebates are included.
- Row 3) the increase in drug spending for this population in 2019 outpaced the overall increase in medical spending.

⁵ Several health insurers updated their costs for 2018, changing 2018 (PMPM) amounts in last year's report to the amounts in this report.

Prescription Drug Costs As a Percentage of Health Insurance Premiums: Table 5 measures prescription drug costs as a percent of premiums and claims costs.

All Prescription Drugs	2016	2017	2018	2019
Prescription Cost (Net of Rebates)				
-as a % of Paid Medical + Prescription Cost	15.9%	15.6%	15.3%	16.0%
-as a % of Total Health Care Premium	13.6%	13.2%	12.9%	13.6%

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)
Total Prescription Drug Spending (including member cost share)	\$19.37	\$22.39	\$61.44	\$103.21
Insurer Prescription Drug Spending (excluding cost share)	\$12.95	\$18.61	\$58.92	\$90.49
Total Member Cost Share	\$6.42	\$3.78	\$2.52	\$12.72

Table 6

In Table 6, member cost sharing for prescription drugs is 12% overall, measured as a percent of total annual plan spending before rebates to insurers. Member cost sharing increases to 15% 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 in percentage compared with data in 2018, but higher in dollar amount for specialty drugs.

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.⁶

All Prescription Drugs	Generic (Per Script)	Brand Name (per Script)	Specialty (per Script)	Total (per Script)
Total Prescription Drug Spending (including member cost share)	\$27.99	\$242.02	\$2,875.86	\$128.04
Insurer Prescription Drug Spending (excluding member cost share)	\$18.72	\$201.15	\$2,757.73	\$112.25
Total Member Cost Share	\$9.28	\$40.86	\$118.14	\$15.79

Table 7

⁶ 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.

Year-Over-Year Changes in Member Cost Share per Script for All Prescription Drugs: Comparisons of member cost share per script between 2018 and 2019 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)
2018 Total Prescription Drug Spending (including member cost share)	\$28.17	\$244.80	\$2,766.84	\$122.10
2019 Total Prescription Drug Spending (including member cost share)	\$27.99	\$242.02	\$2,875.86	\$128.04
% Change	-0.6%	-1.1%	3.9%	4.9%

Table 8

Data in Table 8 indicates an average increase of 4.9% in cost per script; this varies, however, for different categories of drugs. The change for generics is a slight decrease of 0.6% while the change for specialty drugs is an increase of 3.9%. 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 2019 compared with 2018, we expect the net changes after accounting for rebates to be less than the -1.1% and 3.9% indicated above for brand and specialty drugs, respectively.

The 25 Most Frequently Prescribed Drugs: For all market segments combined for the 2019 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
Total Prescription Drug Spending (including member cost share) (\$ million)	\$50.5	\$135.3	\$351.6	\$537.4
Insurer Prescription Drug Spending (excluding member cost share) (\$ million)	\$24.4	\$114.4	\$333.7	\$472.5
Total Number of Prescriptions (thousand)	3,443	662	153	4,258

Table 9

25 Most Frequently Prescribed Drugs	Generic	Brand Name	Specialty	Overall	All Other Prescribed Drugs	Total
Total Percentage of Prescriptions	33.2%	6.4%	1.5%	41.1%	58.9%	100.0%
Total Spending on Prescription Drugs	3.8%	10.2%	26.5%	40.5%	59.5%	100.0%
Impact on Total Health Insurance Premiums	0.4%	1.7%	4.9%	6.9%	10.1%	17.0%

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. After taking into account rebates, the prescription drug cost represents 13.6% of premium on average for 2019.

25 Most Frequently Prescribed Drugs	Generic (PMPM)	Brand Name (PMPM)	Specialty (PMPM)	Total (PMPM)
Total Prescription Drug Spending (including member cost share)	\$3.93	\$10.52	\$27.33	\$41.78
Insurer Prescription Drug Spending (excluding member cost share)	\$1.89	\$8.89	\$25.94	\$36.73
Total Member Cost Share	\$2.03	\$1.63	\$1.39	\$5.05

Table 11

25 Most Frequently Prescribed Drugs	Generic (Per Script)	Brand Name (per Script)	Specialty (per Script)	Total (per Script)
Total Prescription Drug Spending (including member cost share)	\$14.67	\$204.25	\$2,297.64	\$126.19
Insurer Prescription Drug Spending (excluding member cost share)	\$7.08	\$172.65	\$2,180.69	\$110.94
Total Member Cost Share	\$7.59	\$31.60	\$116.95	\$15.25

Table 12

Tables 11 and 12 show that member cost sharing constitutes approximately 12% 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 2019 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
Total Prescription Drug Spending (including member cost share) (\$ million)	\$78.7	\$156.1	\$419.9	\$654.7
Insurer Prescription Drug Spending (excluding member cost share) (\$ million)	\$53.4	\$136.3	\$402.5	\$592.2
Total Number of Prescriptions (thousand)	2,162	522	120	2,804

Table 13

25 Most Costly Drugs	Generic	Brand Name	Specialty	Overall	All Other Prescribed Drugs	Total
Total Percentage of Prescriptions	20.8%	5.0%	1.2%	27.0%	73.0%	100.0%
Total Spending on Prescription Drugs	5.9%	11.8%	31.6%	49.3%	50.7%	100.0%
Impact on Total Health Insurance Premiums	0.8%	2.0%	5.9%	8.7%	8.4%	17.0%

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 1.2% of overall scripts but 31.6% of total spending on prescription drugs.

25 Most Costly Drugs	Generic (PMPM)	Brand Name (PMPM)	Specialty (PMPM)	Total (PMPM)
Total Prescription Drug Spending (including member cost share)	\$6.12	\$12.13	\$32.64	\$50.90
Insurer Prescription Drug Spending (excluding member cost share)	\$4.15	\$10.59	\$31.29	\$46.03
Total Member Cost Share	\$1.97	\$1.54	\$1.36	\$4.87

Table 15

25 Most Costly Drugs	Generic (Per Script)	Brand Name (per Script)	Specialty (per Script)	Total (per Script)
Total Prescription Drug Spending (including member cost share)	\$36.43	\$298.74	\$3,487.80	\$233.46
Insurer Prescription Drug Spending (excluding member cost share)	\$24.69	\$260.87	\$3,342.78	\$211.13
Total Member Cost Share	\$11.74	\$37.87	\$145.02	\$22.33

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 designs that utilize copays, as opposed to coinsurance, and limits on out-of-pocket cost sharing.

The 25 Drugs with the highest 2019-over-2018 Increase in Total Prescription Drug Spending: For all market segments combined, information for the 25 drugs with the highest 2019-over-2018 increases is summarized in Table 17:

25 Drugs with Highest Increase	Generic	Brand Name	Specialty	Total
2018 Total Prescription Drug Spending (including member cost share) (\$ million)	\$32.2	\$76.3	\$198.7	\$307.1
2019 Total Prescription Drug Spending (including member cost share) (\$ million)	\$51.4	\$111.9	\$323.9	\$487.3

Table 17

The names of the drugs with the highest increases are listed in Tables 24-26 on pages 23 to 25.

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 third 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:

Company
Aetna Life Insurance Company
Anthem Blue Cross Life & Health Insurance Company
Blue Shield of California Life & Health Insurance Company
Cigna Health & Life Insurance Company
Health Net Life Insurance Company
Kaiser Permanente Insurance Company
National Health Insurance Company
Nippon Life Insurance Company of America
UnitedHealthcare Insurance Company

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	AMLODIPINE	Cardiovascular Agents
5	AMOXICILLIN	Antibacterials
6	METFORMIN	Cardiovascular Agents
7	LOSARTAN	Cardiovascular Agents
8	ESCITALOPRAM	Antidepressants; Anxiolytics
9	BUPROPION	Cardiovascular Agents
10	METOPROLOL	Gastrointestinal Agents
11	AZITHROMYCIN	Antibacterials
12	HYDRO-CHLOROTHIAZIDE	Cardiovascular Agents
13	OMEPRAZOLE	Gastrointestinal Agents
14	SERTRALINE	Antidepressants; Anxiolytics
15	ROSUVASTATIN	Cardiovascular Agents
16	GABAPENTIN	Anticonvulsants; Central Nervous System Agents
17	HYDROCODONE	Respiratory Tract/Pulmonary Agents
18	MONTELUKAST	Respiratory Tract/Pulmonary Agents
19	SIMVASTATIN	Cardiovascular Agents
20	ALPRAZOLAM	Anxiolytics
21	PREDNISONE	Hormonal Agents, Stimulant/Replacement/Modifying (Adrenal); Inflammatory Bowel Disease Agents
22	FLUOXETINE	Antidepressants
23	DEXTROAMPHETAMINE	Central Nervous System Agents
24	VALACYCLOVIR	Antivirals
25	TRAZODONE	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	VYVANSE	Central Nervous System Agents
3	LO LOESTRIN FE	Contraceptives
4	VENTOLIN	Respiratory Tract/Pulmonary Agents
5	NUVARING	Contraceptives
6	ARMOUR THYROID	Hormonal Agents, Stimulant/Replacement/Modifying (Thyroid)
7	ONETOUCH	Blood Glucose Regulators
8	JARDIANCE	Blood Glucose Regulators
9	HUMALOG	Blood Glucose Regulators
10	ELIQUIS	Blood Products and Modifiers
11	ADDERALL	Central Nervous System Agents
12	XARELTO	Blood Products and Modifiers
13	BYSTOLIC	Cardiovascular Agents
14	SYMBICORT	Respiratory Tract/Pulmonary Agents
15	PROAIR	Respiratory Tract/Pulmonary Agents
16	JANUVIA	Blood Glucose Regulators
17	BASAGLAR	Blood Glucose Regulators
18	ALBUTEROL	Respiratory Tract/Pulmonary Agents
19	FLUCELVAX	Vaccines
20	FLOVENT	Respiratory Tract/Pulmonary Agents
21	FLUARIX	Vaccines
22	DEXILANT	Gastrointestinal Agents
23	SUPREP	Gastrointestinal Agents
24	FLUZONE	Vaccines
25	SHINGRIX	Vaccines

Table 19

The 25 Most Frequently Prescribed Specialty Drugs:

Rank	Prescription Drug Name	Therapy Class
1	TRUVADA	Antivirals
2	TRULICITY	Blood Glucose Regulators
3	HUMIRA	Immunological Agents
4	HUMALOG	Blood Glucose Regulators
5	VICTOZA	Blood Glucose Regulators
6	OZEMPIC	Blood Glucose Regulators
7	LATUDA	Antipsychotics
8	BIKTARVY	Antivirals
9	ENBREL	Immunological Agents
10	DUPIXENT	Immunological Agents
11	GENVOYA	Antivirals
12	STELARA	Immunological Agents
13	DESCOVY	Antivirals
14	TRIUMEQ	Antivirals
15	OTEZLA	Dermatological Agents; Immunological Agents
16	SHINGRIX	Vaccines
17	SUPREP	Gastrointestinal Agents
18	COSENTYX	Immunological Agents
19	EPINEPHRINE	Respiratory Tract/Pulmonary Agents
20	LIALDA	Inflammatory Bowel Disease Agents
21	TRESIBA	Blood Glucose Regulators
22	VIMPAT	Anticonvulsants
23	XIFAXAN	Antibacterials; Gastrointestinal Agents
24	REXULTI	Antipsychotics
25	TIVICAY	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	MESALAMINE	Inflammatory Bowel Disease Agents
8	TESTOSTERONE	Hormonal Agents, Stimulant/Replacement/Modifying (Sex Hormones/Modifiers)
9	OSELTAMIVIR	Antivirals
10	ESTRADIOL	Hormonal Agents, Stimulant/Replacement/Modifying (Sex Hormones/Modifiers)
11	DOXYCYCLINE	Antibacterials
12	PROGESTERONE	Hormonal Agents, Stimulant/Replacement/Modifying (Sex Hormones/Modifiers)
13	WIXELA	Respiratory Tract/Pulmonary Agents
14	METOPROLOL	Gastrointestinal Agents
15	VALACYCLOVIR	Antivirals
16	BUDESONIDE	Respiratory Tract/Pulmonary Agents
17	ALBUTEROL	Respiratory Tract/Pulmonary Agents
18	ESCITALOPRAM	Antidepressants; Anxiolytics
19	EPINEPHRINE	Respiratory Tract/Pulmonary Agents
20	DULOXETINE	Antidepressants; Anxiolytics; Central Nervous System Agents
21	CLOBETASOL	Dermatological Agents
22	CLINDAMYCIN	Dermatological Agents
23	LOSARTAN	Cardiovascular Agents
24	TADALAFIL	Cardiovascular Agents
25	ATOMOXETINE	Central Nervous System Agents

Table 21

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

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

Table 22

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

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

Table 23

The 25 Drugs with the Highest 2019-over-2018 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 2019-over-2018 Increase in Total Prescription Drug Spending:

Rank	Prescription Drug Name	Therapy Class
1	ALBUTEROL	Respiratory Tract/Pulmonary Agents
2	TESTOSTERONE	Hormonal Agents, Stimulant/Replacement/Modifying (Sex Hormones/Modifiers)
3	WIXELA	Respiratory Tract/Pulmonary Agents
4	BUPRENORPHINE	Anti-Addiction/Substance Abuse Treatment Agents
5	TADALAFIL	Cardiovascular Agents
6	ATORVASTATIN	Cardiovascular Agents
7	MESALAMINE	Inflammatory Bowel Disease Agents
8	DEXTROAMPHETAMINE	Central Nervous System Agents
9	FLUTICASONE	Dermatological Agents
10	EPINEPHRINE	Respiratory Tract/Pulmonary Agents
11	ESTRADIOL	Hormonal Agents, Stimulant/Replacement/Modifying (Sex Hormones/Modifiers)
12	ROSUVASTATIN	Cardiovascular Agents
13	PIMECROLIMUS	Dermatological Agents; Immunological Agents
14	PROGESTERONE	Hormonal Agents, Stimulant/Replacement/Modifying (Sex Hormones/Modifiers)
15	FLUTICASONE-SALMETEROL	Respiratory Tract/Pulmonary Agents
16	AMOXICILLIN	Antibacterials
17	AZELAIC	Dermatological Agents
18	SPIRONOLACTONE	Cardiovascular Agents
19	METHYLPHENIDATE	Central Nervous System Agents
20	ESCITALOPRAM	Antidepressants; Anxiolytics
21	METOPROLOL	Gastrointestinal Agents
22	BUPROPION	Cardiovascular Agents
23	LEVOTHYROXINE	Hormonal Agents, Stimulant/Replacement/Modifying (Thyroid)
24	VALACYCLOVIR	Antivirals
25	PREGABALIN	Anticonvulsants; Central Nervous System Agents

Table 24

The 25 Brand Name Drugs with the Highest 2019-over-2018 Increase in Total Prescription Drug Spending:

Rank	Prescription Drug Name	Therapy Class
1	JARDIANCE	Blood Glucose Regulators
2	ELIQUIS	Blood Products and Modifiers
3	AIMOVIG	Antimigraine Agents
4	BASAGLAR	Blood Glucose Regulators
5	LO LOESTRIN FE	Contraceptives
6	XARELTO	Blood Products and Modifiers
7	VYVANSE	Central Nervous System Agents
8	TRESIBA	Blood Glucose Regulators
9	EMGALITY	Antimigraine Agents
10	SYMBICORT	Respiratory Tract/Pulmonary Agents
11	JANUVIA	Blood Glucose Regulators
12	HUMALOG	Blood Glucose Regulators
13	TRINTELLIX	Antidepressants
14	QVAR REDHALER	Respiratory Tract/Pulmonary Agents
15	VASCEPA	Cardiovascular Agents
16	CHANTIX	Anti-Addiction/Substance Abuse Treatment Agents
17	BREO ELLIPTA	Respiratory Tract/Pulmonary Agents
18	SHINGRIX	Vaccines
19	ADDERALL	Central Nervous System Agents
20	RESTASIS	Ophthalmic Agents
21	TRELEGY	Respiratory Tract/Pulmonary Agents
22	FLOVENT	Respiratory Tract/Pulmonary Agents
23	ENTRESTO	Cardiovascular Agents
24	ALBUTEROL	Respiratory Tract/Pulmonary Agents
25	LINZESS	Gastrointestinal Agents

Table 25

The 25 Specialty Drugs with the Highest 2019-over-2018 Increase in Total Prescription Drug Spending:

Rank	Prescription Drug Name	Therapy Class
1	HUMIRA	Immunological Agents
2	BIKTARVY	Antivirals
3	STELARA	Immunological Agents
4	DUPIXENT	Immunological Agents
5	TRUVADA	Antivirals
6	TRULICITY	Blood Glucose Regulators
7	OZEMPIC	Blood Glucose Regulators
8	COSENTYX	Immunological Agents
9	TREMFYA	Immunological Agents
10	XELJANZ	Immunological Agents
11	OTEZLA	Dermatological Agents; Immunological Agents
12	TAKHZYRO	Immunological Agents
13	TECFIDERA	Central Nervous System Agents
14	REVLIMID	Antineoplastics
15	ENBREL	Immunological Agents
16	JYNARQUE	Electrolytes/Minerals/Metals/Vitamins
17	TALTZ	Immunological Agents
18	SYMDEKO	Respiratory Tract/Pulmonary Agents
19	SPRYCEL	Antineoplastics
20	GILENYA	Central Nervous System Agents
21	HEMLIBRA	Blood Products and Modifiers
22	VERZENIO	Antineoplastics
23	XYREM	Sleep Disorder Agents
24	CIMZIA	Immunological Agents
25	AUBAGIO	Central Nervous System Agents

Table 26

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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.)

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.)

Dispensed at Pharmacy: Dispensed at a network pharmacy, or mail order pharmacy for outpatient use. (SB 17, 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.)

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.)

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.)

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.)

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.)

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.)

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 2019, the threshold amount is \$670 for a one-month supply. (SB 17, <https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/Announcement2019.pdf.>)