What's Really Driving California Health Care Costs?

According to the 2020 California Department of Managed Health Care Prescription Drug Cost Transparency Report, health plan profits and pharmacy benefit managers (PBMs) – not pharmaceutical spending – are the leading cause of insurance premium spikes.

The impact of **prescription drug spending** on California insurance premiums **has gone down**.[1]

Profits for California health insurance companies **spiked by 172% in just one year**.[1]

Pharmaceutical manufacturer discounts, paid as rebates, totaled over **$1 billion**, yet insurance premiums **increased by 6.2%.**

Unfortunately, California patients often **do not benefit from those rebates.** Why not?

> "No other factor driving the cost of health plan premiums increased as much as the [health plan] profit margin. - Sacramento Bee"

Health Insurers and the Fortune 500 [3]

UnitedHealth Group **#6**

More than **$226 billion** in revenue in 2018 and more than **11 billion** in profits, a **13.5%** increase.

CVS Health **#8**

$195 billion in revenue in 2018 after **$70 billion** acquisition of insurer Aetna.

Anthem **#33**

$92 billion in revenue, even after exiting several Affordable Care Act markets.

The California legislature should act to ensure savings from rebates end up in the patient's pocket, not the pharmacy benefit managers (PBMs).

[1] Department of Managed Health Care Prescription Drug Cost Transparency Report (Measurement Year 2018)
[2] Sacramento Bee, January 14, 2020
[3] 2019 Fortune 500

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